

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

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

**GOSSAMER BIO, INC.**

(Exact name of registrant as specified in its charter)

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

2834  
(Primary Standard Industrial  
Classification Code Number)

47-5461709  
(I.R.S. Employer  
Identification No.)

3013 Science Park Road, Suite 200  
San Diego, California 92121  
(858) 684-1300

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

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**Approximate date of commencement of proposed sale to the public:  
As soon as practicable after this Registration Statement is declared effective.**

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

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

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

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

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

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

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

**CALCULATION OF REGISTRATION FEE**

Title of Each Class of Securities To Be Registered	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee(2)
Common Stock, \$0.0001 par value per share	\$264,500,000	\$32,057.40

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

(2) Calculated pursuant to Rule 457(o) based on an estimate of the proposed maximum aggregate offering price. Includes shares of common stock that the underwriters have the option to purchase.

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

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

Subject to Completion  
Preliminary Prospectus dated December 21, 2018

## Shares



### Common Stock

This is an initial public offering of shares of common stock of Gossamer Bio, Inc. All of the \_\_\_\_\_ shares of common stock are being sold by the company.

Prior to this offering, there has been no public market for our common stock. It is currently estimated that the initial public offering price will be between \$ \_\_\_\_\_ and \$ \_\_\_\_\_ per share. We have applied to have our common stock listed on the Nasdaq Global Select Market under the symbol "GOSS."

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

**Investing in our common stock involves risks that are described in the "[Risk Factors](#)" section beginning on page 11 of this prospectus.**

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

(1) See the section titled "Underwriting" for additional information regarding compensation payable to the underwriters.

To the extent that the underwriters sell more than \_\_\_\_\_ shares of common stock, the underwriters have the option to purchase up to an additional \_\_\_\_\_ shares of common stock from us at the initial public offering price less the underwriting discount.

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

The underwriters expect to deliver the shares of common stock to purchasers on or about \_\_\_\_\_, 2018.

**BofA Merrill Lynch**

**Leerink Partners**

**Barclays**

**Evercore ISI**

Prospectus dated \_\_\_\_\_, 2018

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Neither we nor the underwriters have authorized anyone to provide you with information other than that contained in this prospectus or any free writing prospectus prepared by or on behalf of us or to which we have referred you. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We and the underwriters are offering to sell, and seeking offers to buy, common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus or any free writing prospectus is accurate only as of its date, regardless of its time of delivery or of any sale of shares of our common stock. Our business, financial condition, results of operations and prospects may have changed since that date.

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

**PROSPECTUS SUMMARY**

*This summary highlights information contained elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our common stock. You should read this entire prospectus carefully, especially the section in this prospectus titled “Risk Factors” and our financial statements and the related notes thereto included at the end of this prospectus, before making an investment decision. As used in this prospectus, unless the context otherwise requires, references to “we,” “us,” “our,” “the Company” and “Gossamer Bio” refer to Gossamer Bio, Inc. and its subsidiaries on a consolidated basis.*

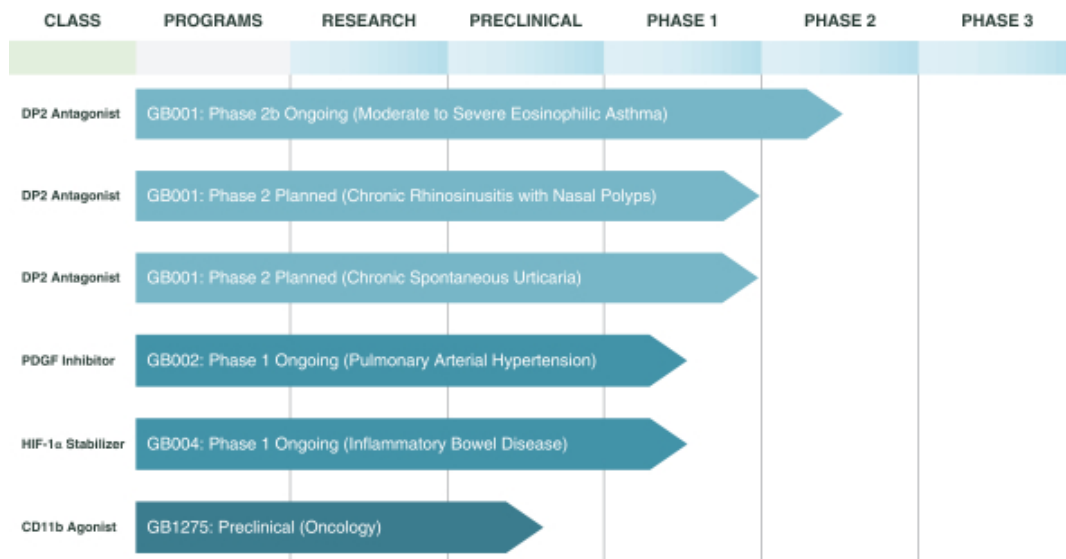
**Overview**

We are a clinical-stage biopharmaceutical company focused on discovering, acquiring, developing and commercializing therapeutics in the disease areas of immunology, inflammation and oncology. Our goal is to be an industry leader in each of these therapeutic areas and to enhance and extend the lives of patients suffering from such diseases. To accomplish this goal, we have assembled a deeply experienced and highly skilled group of industry veterans, scientists, clinicians and key opinion leaders from leading biotechnology and pharmaceutical companies, as well as leading academic centers from around the world. Our collective immunology and translational discovery and development expertise serves as the foundation of our company. We intend to maintain a scientifically rigorous and inclusive corporate culture where employees strive to bring improved therapeutic options to patients.

**Our Development Programs**

We are pursuing product candidates with strong scientific rationale to address indications where there is both a high unmet need and an opportunity to develop best-in-class or first-in-class therapeutics. We currently have six programs: three clinical-stage product candidates and three preclinical programs. We commenced a Phase 2b clinical trial for our most advanced product candidate, GB001, in October 2018.

The following table summarizes our current programs:



***GB001 (DP2 Antagonist)***

GB001 is an oral antagonist of prostaglandin D<sub>2</sub> receptor 2, or DP2, in development for the treatment of moderate-to-severe eosinophilic asthma and other allergic conditions. Eosinophilic asthma is caused by high levels of white blood cells known as eosinophils and is associated with more severe symptoms, late-onset disease and resistance to steroid treatment. We estimate that approximately 50% of severe asthma patients in the United States have eosinophilic asthma. Despite the availability of new biologic therapies for these patients, asthma exacerbations remain a significant healthcare problem and unmet medical need. As of December 15, 2018, GB001 had been studied in 409 subjects in total and was generally well tolerated. In a Phase 2 clinical trial conducted in Japan, GB001 showed a statistically significant improvement in time-to-first asthma exacerbation compared to placebo. In a separate 248 subject Phase 2 clinical trial, neither treatment group, GB001 nor montelukast, achieved the primary endpoint of improvement in forced expiratory volume in one second, or FEV<sub>1</sub>, as compared to placebo, which we believe was primarily related to study design and execution issues related to patient selection, including adherence to inhaled corticosteroid therapy, eosinophilic phenotype thresholds and disease severity. A single serious adverse event deemed by the investigator likely to be related to study drug was observed in a Japanese patient who had received a 160 mg dose of GB001 in a Phase 1 clinical trial conducted by Teijin Pharma Limited, or Teijin. The patient had GB001 levels approximately three to five times higher than the other patients receiving the 160 mg dose, and the dose was significantly higher than the highest dose of 60 mg currently being evaluated in our ongoing Phase 2b clinical trial. We commenced a Phase 2b clinical trial in moderate-to-severe eosinophilic asthma in October 2018.

Furthermore, we believe that there are a number of indications along the allergic spectrum for which GB001 may provide benefit. Accordingly, we plan to pursue the parallel development of GB001 in chronic rhinosinusitis with nasal polyps, or CRSwNP, and chronic spontaneous urticaria, or CSU. We expect to initiate proof-of-concept Phase 2 clinical trials for these indications in 2019. We retain worldwide rights to GB001, excluding Japan.

***GB002 (PDGF Receptor Kinase Inhibitor)***

GB002 is an orally inhaled, small molecule, selective platelet-derived growth factor, or PDGF, receptor kinase inhibitor in development for the treatment of pulmonary arterial hypertension, or PAH, an orphan disease with high unmet medical need. PAH is characterized by abnormally high pressure in the blood vessels transporting blood from the right side of the heart to the lungs and is a progressive and often fatal disease. In contrast to the three classes of marketed vasodilatory therapies for PAH, GB002 has the potential to be the first treatment with disease-modifying effects. Modulation of the PDGF pathway has been shown to be therapeutically relevant in PAH. In 2013, Novartis Pharmaceutical Corporation announced results from a Phase 3 clinical trial in PAH of imatinib (Gleevec), a tyrosine kinase inhibitor with known activity against PDGF and marketed for oncology indications. These results were notable for not only achievement of statistically significant improvement in the study's primary efficacy endpoint, but also for systemic toxicities. To our knowledge, no further development of the drug has occurred in PAH. To date, these toxicities have not been observed with GB002 in our ongoing Phase 1 studies in healthy volunteers. We plan to commence a Phase 1b clinical trial in PAH in the first half of 2019 and a Phase 2/3 clinical trial in PAH in the second half of 2019. We retain worldwide rights to GB002. The U.S. Food and Drug Administration, or FDA, has granted GB002 orphan drug designation for the treatment of patients with PAH.

***GB004 (HIF-1a Stabilizer)***

GB004 is a novel, gut-targeted, oral small molecule in development for the treatment of inflammatory bowel disease, or IBD, including ulcerative colitis, or UC, and Crohn's disease, or CD. GB004 stabilizes hypoxia inducible factor-1a, or HIF-1a, through the inhibition of prolyl hydroxylase domain proteins, or PHDs, key enzymes involved in HIF degradation. Preclinical data from animal models of IBD demonstrated that HIF-1a

stabilization restores intestinal epithelial barrier integrity and function and results in immunomodulatory effects that we believe are important in reducing inflammation and enhancing mucosal healing in IBD patients. We have completed a Phase 1 single-ascending-dose, or SAD, study in healthy volunteers and are dosing healthy volunteers in a Phase 1 multiple-ascending-dose, or MAD, study. We plan to pursue clinical development in both UC and CD patients and, following submission of an Investigational New Drug, or IND, application with the FDA, initiate a Phase 1b clinical trial in UC in the first half of 2019. We also plan to initiate a Phase 2 clinical trial in UC in the first half of 2020. We retain worldwide rights to GB004.

#### ***Our Research Capabilities and Preclinical Programs***

We currently have three programs in preclinical development. GB1275 is an oral small molecule, CD11b agonist in preclinical development for the treatment of oncology indications for which we plan to submit an IND application and, after acceptance, initiate a Phase 1 clinical trial in 2019. We are also currently evaluating a portfolio of novel BTK inhibitors for the treatment of autoimmune indications and small molecule cancer metabolism modulators for the treatment of solid tumors. We are continuing to build our research capabilities, specifically focusing on our areas of expertise within immunology, inflammation and oncology, in order to advance new programs into the clinic, as well as to optimize our existing programs.

#### **Our Team**

Our founders and management team have held senior positions at leading biopharmaceutical companies, including Receptos, Inc., Genentech USA, Inc. (Roche), or Genentech, Bristol-Myers Squibb Company, GlaxoSmithKline LLC and Celgene Corporation, among others, and possess substantial experience and expertise across the spectrum of drug discovery, development and commercialization.

Sheila Gujrathi, M.D., our Co-Founder and President and Chief Executive Officer, was previously Chief Medical Officer of Receptos until its acquisition by Celgene in 2015, and has also served in senior leadership roles at Bristol-Myers Squibb and Genentech. Faheem Hasnain, our Co-Founder and Executive Chairman and former Chief Executive Officer, previously served as Chief Executive Officer at Receptos, and has over 30 years of senior leadership experience at both large and small biopharmaceutical companies. Luisa Salter-Cid, Ph.D., our Chief Scientific Officer, was previously the Head of Immunology Discovery at Bristol-Myers Squibb, having overseen immunology and immuno-oncology discovery efforts since 2005.

The development and operational expertise of our executive and senior scientific team will be essential as we execute on our strategy of building a large, diversified biopharmaceutical company to deliver significant value to both patients and shareholders.

#### **Our Strategy**

Our goal is to be an industry leader in the disease areas of immunology, inflammation and oncology and to enhance and extend the lives of patients suffering from such diseases. Critical components of our business strategy include:

- Create deep therapeutic centers of excellence by leveraging our immunology and translational discovery and development expertise.
- Maximize the impact of our product candidates by expanding development across multiple indications.

- Expediently generate proof-of-concept data from our preclinical programs to facilitate value creation and efficient capital deployment.
- Leverage the drug discovery, development and commercialization expertise of our world-class team.

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

Our ability to execute our business strategy is subject to numerous risks, as more fully described in the section titled “Risk Factors” immediately following this Prospectus Summary. These risks include, among others:

- We have a limited operating history, have incurred significant operating losses since our inception and expect to incur significant losses for the foreseeable future. We may never generate any revenue or become profitable or, if we achieve profitability, we may not be able to sustain it.
- We will require substantial additional financing to achieve our goals, and a failure to obtain this necessary capital when needed on acceptable terms, or at all, could force us to delay, limit, reduce or terminate our product development programs, commercialization efforts or other operations.
- We depend heavily on the success of GB001, GB002 and GB004, which are in either Phase 1 or Phase 2 clinical development. If we are unable to advance our product candidates in clinical development, obtain regulatory approval and ultimately commercialize our product candidates, or experience significant delays in doing so, our business will be materially harmed.
- Clinical drug development involves a lengthy and expensive process with an uncertain outcome, and the results of preclinical studies and early clinical trials are not necessarily predictive of future results. In addition, our assumptions about why our product candidates are worthy of future development and potential approval are based on data primarily collected by other companies. Our product candidates may not have favorable results in later clinical trials, if any, or receive regulatory approval on a timely basis, or at all.
- Any difficulties or delays in the commencement or completion, or termination or suspension, of our current or planned clinical trials could result in increased costs to us, delay or limit our ability to generate revenue and adversely affect our commercial prospects.
- We face significant competition, and if our competitors develop technologies or product candidates more rapidly than we do or their technologies are more effective, our ability to develop and successfully commercialize products may be adversely affected.
- We rely on third parties to conduct many of our preclinical studies and clinical trials and to manufacture our product candidates, and these third parties may not perform satisfactorily.
- Our success depends on our ability to protect our intellectual property and our proprietary technologies.
- We have recently substantially increased the size of our organization, and we may encounter difficulties in managing our growth and expanding our operations successfully.
- If we fail to comply with our obligations in the agreements under which we license intellectual property rights from third parties, including for GB002 and GB004, or otherwise experience

disruptions to our business relationships with our licensors, we could lose license rights that are important to our business. Additionally, several of our license agreements include sublicenses from a third party, including for GB002 and GB004, and we must rely on the direct licensor's compliance with its obligations under its original license agreement.

- After this offering, our executive officers, directors and principal stockholders, if they choose to act together, will continue to have the ability to control or significantly influence all matters submitted to stockholders for approval. Furthermore, many of our current directors were appointed by our principal stockholders, and one such principal stockholder, HH Goss Holdings LLC, has the right to designate one member to our board of directors and have such member appointed to any board committee that it requests effective as of the closing of this offering.

### **Corporate Information**

We were incorporated under the laws of the state of Delaware on October 26, 2015 under the name FSG, Bio, Inc. and changed our name to Gossamer Bio, Inc. in 2017. Our principal executive offices are located at 3013 Science Park Road, Suite 200, San Diego, California 92121, and our telephone number is (858) 684-1300. Our website address is [www.gossamerbio.com](http://www.gossamerbio.com). The information contained in, or accessible through, our website does not constitute part of this prospectus. We have included our website address as an inactive textual reference only.

This prospectus includes trademarks, tradenames and service marks that are the property of other organizations. Solely for convenience, trademarks and tradenames referred to in this prospectus appear without the ® and ™ symbols, but those references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or that the applicable owner will not assert its rights, to these trademarks and tradenames.

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

As a company with less than \$1.07 billion in revenue during our last fiscal year, we qualify as an “emerging growth company” as defined in the Jumpstart Our Business Startups Act, or the JOBS Act, enacted in April 2012. An emerging growth company may take advantage of reduced reporting requirements that are otherwise applicable to public companies. These provisions include, but are not limited to:

- being permitted to present only two years of audited financial statements and only two years of related Management's Discussion & Analysis of Financial Condition and Results of Operations in this prospectus;
- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended, or Sarbanes-Oxley;
- reduced disclosure obligations regarding executive compensation in this prospectus and our periodic reports, proxy statements and registration statements; and
- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We may take advantage of these provisions until the last day of our fiscal year following the fifth anniversary of the date of the first sale of our common equity securities pursuant to an effective registration statement under the Securities Act of 1933, as amended, or the Securities Act, which such fifth anniversary will



occur in 2023. However, if certain events occur prior to the end of such five-year period, including if we become a “large accelerated filer” as defined in Rule 12b-2 under the Securities Exchange Act of 1934, or the Exchange Act, our annual gross revenues exceed \$1.07 billion or we issue more than \$1.0 billion of non-convertible debt in any three-year period, we will cease to be an emerging growth company prior to the end of such five-year period.

We have elected to take advantage of certain of the reduced disclosure obligations in the registration statement of which this prospectus is a part and may elect to take advantage of other reduced reporting requirements in future filings. As a result, the information that we provide to our stockholders may be different than you might receive from other public reporting companies in which you hold equity interests.

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

### The Offering

Common stock offered by us	shares
Common stock to be outstanding immediately after this offering	shares ( shares if the underwriters exercise their option to purchase additional shares of common stock in full)
Option to purchase additional shares	We have granted the underwriters an option exercisable for a period of 30 days to purchase up to additional shares of our common stock.
Use of proceeds	We intend to use the net proceeds of this offering to fund research and development of our product candidates and development programs and for working capital and general corporate purposes. See “Use of Proceeds” for a more complete description of the intended use of proceeds from this offering.
Risk factors	You should read the “Risk Factors” section of this prospectus and the other information in this prospectus for a discussion of factors to consider carefully before deciding to invest in shares of our common stock.
Directed shares	At our request, the underwriters have reserved for sale, at the initial public offering price, up to 5% of the shares offered hereby for our directors, officers, employees, business associates and related persons who have expressed an interest in purchasing common stock in the offering. See “Underwriting” for more information.
Proposed Nasdaq Global Select Market Symbol	“GOSS”

The number of shares of our common stock to be outstanding after this offering set forth above is based on 207,121,355 shares of our common stock outstanding as of September 30, 2018, including 35,098,238 shares subject to forfeiture, after giving effect to the automatic conversion of all outstanding shares of our convertible preferred stock into 137,220,799 shares of our common stock immediately prior to the closing of this offering, and excludes:

- 9,469,500 shares of common stock issuable upon exercise of stock options outstanding as of September 30, 2018, at a weighted-average exercise price of \$0.65 per share;
- 13,558,900 shares of common stock issuable upon exercise of stock options granted after September 30, 2018, at a weighted-average exercise price of \$2.38 per share;
- shares of our common stock reserved for future issuance under our 2019 equity incentive plan, or the 2019 Plan, which will become effective in connection with this offering (which number includes shares remaining available for issuance under our 2017 equity incentive plan, or the 2017 Plan, as of September 30, 2018, which will become available for issuance under the 2019 Plan upon its effectiveness, but does not include any potential evergreen increases pursuant to the terms of the 2019 Plan); and

- \_\_\_\_\_ shares of common stock reserved for future issuance under our 2019 employee stock purchase plan, or the ESPP, which will become effective in connection with this offering (which number does not include any potential evergreen increases pursuant to the terms of the ESPP).

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

- the filing and effectiveness of our amended and restated certificate of incorporation and the adoption of our amended and restated bylaws, each of which will occur immediately prior to the closing of this offering;
- the automatic conversion of all outstanding shares of our convertible preferred stock into 137,220,799 shares of our common stock immediately prior to the closing of this offering;
- a 20,612-for-one stock split of our common stock effected in January 2018;
- a one-for-\_\_\_\_\_ reverse stock split of our common stock to be effected before the closing of this offering;
- no exercise of the outstanding options described above; and
- no exercise by the underwriters of their option to purchase \_\_\_\_\_ additional shares of our common stock.

### Summary Consolidated Financial Data

The following tables set forth a summary of our historical consolidated financial data as of, and for the periods ended on, the dates indicated. We have derived the summary consolidated statements of operations data for the years ended December 31, 2016 and 2017 from our audited consolidated financial statements included elsewhere in this prospectus. We have derived the summary consolidated statements of operations data for the nine months ended September 30, 2017 and 2018 and the summary consolidated balance sheet data as of September 30, 2018 from our unaudited consolidated financial statements included elsewhere in this prospectus. The unaudited consolidated financial statements have been prepared on a basis consistent with our audited consolidated financial statements included in this prospectus and, in the opinion of management, reflect all adjustments, consisting only of normal recurring adjustments, necessary to fairly state our financial position as of September 30, 2018 and results of operations for the nine months ended September 30, 2017 and 2018. You should read this data together with our consolidated financial statements and related notes included elsewhere in this prospectus and the sections titled “Selected Consolidated Financial Data” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Our historical results for any prior period are not necessarily indicative of our future results.

	<u>Year Ended December 31,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2016</u>	<u>2017</u>	<u>2017</u>	<u>2018</u>
	(unaudited)			
	(in thousands, except share and per share data)			
<b>Consolidated Statements of Operations Data:</b>				
Operating expenses:				
Research and development	\$ —	\$ 891	\$ 216	\$ 29,411
In process research and development	—	5,500	—	49,659
General and administrative	83	262	105	30,116
Total operating expenses	83	6,653	321	109,186
Loss from operations	(83)	(6,653)	(321)	(109,186)
Other income (expense):				
Interest income	—	—	—	1,022
Interest expense	—	(118)	—	(8)
Other expense	—	—	—	(3)
Total other income (expense)	—	(118)	—	1,011
Net loss	\$ (83)	\$ (6,771)	\$ (321)	\$ (108,175)
Net loss per share, basic and diluted <sup>(1)</sup>	\$ (0.00)	\$ (0.16)	\$ (0.01)	\$ (3.92)
Weighted-average shares of common stock outstanding, basic and diluted <sup>(1)(2)</sup>	41,224,000	41,224,000	41,224,000	27,602,600
Pro forma net loss per share, basic and diluted (unaudited) <sup>(1)</sup>		\$ (0.16)		\$ (0.97)
Pro forma weighted-average shares of common stock outstanding, basic and diluted (unaudited) <sup>(1)</sup>		41,224,000		111,740,879

- (1) See Note 2 to our consolidated financial statements included elsewhere in this prospectus for an explanation of the method used to calculate the historical and pro forma net loss per share, basic and diluted, and the number of shares used in the computation of the per share amounts.
- (2) In connection with the issuance of the Series A convertible preferred stock in January 2018, certain of our founders entered into stock restriction agreements, whereby 20,612,000 of previously unrestricted shares of common stock became subject to forfeiture to us upon the founders’ termination of employment or service, which obligation lapses as the shares vest.

	As of September 30, 2018		
	Actual	Pro Forma(1) (unaudited) (in thousands)	Pro Forma As Adjusted(1)(2)
<b>Consolidated Balance Sheet Data:</b>			
Cash, cash equivalents and marketable securities	\$ 256,443	\$ 256,443	\$
Working capital(3)	243,412	243,412	
Total assets	262,181	262,181	
Convertible preferred stock	338,367	—	
Accumulated deficit	(115,069)	(115,069)	
Total stockholders' equity	(91,778)	246,589	
<p>(1) Gives effect to the automatic conversion of all of our outstanding shares of convertible preferred stock into an aggregate of 137,220,799 shares of common stock and the related reclassification of the carrying value of the convertible preferred stock to permanent equity immediately prior to the closing of this offering.</p> <p>(2) Gives effect to (i) the pro forma adjustments set forth in footnote (1) above and (ii) the issuance and sale of shares of our common stock in this offering at the assumed initial public offering price of \$ per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. Each \$1.00 increase (decrease) in the assumed initial public offering price of \$ per share would increase (decrease) the pro forma as adjusted amount of each of cash, cash equivalents and marketable securities, working capital, total assets and total stockholders' equity by approximately \$ , assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase (decrease) of 1.0 million shares in the number of shares offered by us at the assumed initial public offering price of \$ per share would increase (decrease) the pro forma as adjusted amounts of each of cash, cash equivalents and marketable securities, working capital, total assets and total stockholders' equity by approximately \$ , after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. The pro forma information discussed above is illustrative only and will be adjusted based on the actual initial public offering price and other terms of our initial public offering determined at pricing.</p> <p>(3) We define working capital as current assets less current liabilities. See our consolidated financial statements included elsewhere in this prospectus for further details regarding our current assets and current liabilities.</p>			

## RISK FACTORS

*Investing in our common stock involves a high degree of risk. You should consider carefully the risks and uncertainties described below, together with all of the other information in this prospectus, including our consolidated financial statements and related notes included elsewhere in this prospectus and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” before making an investment decision. If any of the following risks are realized, our business, financial condition, results of operations and prospects could be materially and adversely affected. In that event, the trading price of our common stock could decline and you could lose part or all of your investment.*

### **Risks Related to Our Limited Operating History, Financial Position and Capital Requirements**

***We have a limited operating history, have incurred significant operating losses since our inception and expect to incur significant losses for the foreseeable future. We may never generate any revenue or become profitable or, if we achieve profitability, we may not be able to sustain it.***

Biopharmaceutical product development is a highly speculative undertaking and involves a substantial degree of risk. We are a clinical-stage biopharmaceutical company with a limited operating history upon which you can evaluate our business and prospects. We commenced operations in 2017, and to date, we have focused primarily on organizing and staffing our company, business planning, raising capital, identifying, acquiring and in-licensing our product candidates and conducting preclinical studies and early clinical trials. GB001, GB002 and GB004 are in clinical development, while our other development programs remain in the preclinical or research stage. We have not yet demonstrated an ability to successfully complete any 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 made about our future success or viability may not be as accurate as they could be if we had a history of successfully developing and commercializing biopharmaceutical products.

We have incurred significant operating losses since our inception. If our product candidates are not successfully developed and approved, we may never generate any revenue. Our net losses were \$6.8 million and \$108.2 million for the year ended December 31, 2017 and the nine months ended September 30, 2018, respectively. As of September 30, 2018, we had an accumulated deficit of \$115.1 million. Substantially all of our losses have resulted from expenses incurred in connection with our research and development programs and from general and administrative costs associated with our operations. All of our product candidates will require substantial additional development time and resources before we would be able to apply for or receive regulatory approvals and begin generating revenue from product sales. We expect to continue to incur losses for the foreseeable future, and we anticipate these losses will increase substantially as we continue our development of, seek regulatory approval for and potentially commercialize any of our product candidates and seek to identify, assess, acquire, in-license or develop additional product candidates.

To become and remain profitable, we must succeed in developing and eventually commercializing products that generate significant revenue. This will require us to be successful in a range of challenging activities, including completing clinical trials and preclinical studies of our product candidates, obtaining regulatory approval for these product candidates and manufacturing, marketing and selling any products for which we may obtain regulatory approval. We are only in the preliminary stages of most of these activities. We may never succeed in these activities and, even if we do, may never generate revenues that are significant enough to achieve profitability. In addition, we have not yet demonstrated an ability to successfully overcome many of the risks and uncertainties frequently encountered by companies in new and rapidly evolving fields, particularly in the biopharmaceutical industry. Because of the numerous risks and uncertainties associated with biopharmaceutical product development, we are unable to accurately predict the timing or amount of increased expenses or when, or if, we will be able to achieve profitability. Even if we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. Our failure to become and remain

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profitable would depress the value of our company and could impair our ability to raise capital, expand our business, maintain our research and development efforts, diversify our product candidates or even continue our operations. A decline in the value of our company could also cause you to lose all or part of your investment.

***We will require substantial additional financing to achieve our goals, and a failure to obtain this necessary capital when needed on acceptable terms, or at all, could force us to delay, limit, reduce or terminate our product development programs, commercialization efforts or other operations.***

The development of biopharmaceutical product candidates is capital-intensive. We expect our expenses to increase in connection with our ongoing activities, particularly as we conduct our ongoing and planned clinical trials of GB001, GB002 and GB004, continue research and development and initiate clinical trials of our other development programs and seek regulatory approval for our current product candidates and any future product candidates we may develop. In addition, as our product candidates progress through development and toward commercialization, we will need to make milestone payments to the licensors and other third parties from whom we have in-licensed or acquired our product candidates, including GB002 and GB004. Furthermore, if and to the extent we seek to acquire or in-license additional product candidates in the future, we may be required to make significant upfront payments, milestone payments, and/or licensing payments. If we obtain regulatory approval for any of our product candidates, we also expect to incur significant commercialization expenses related to product manufacturing, marketing, sales and distribution. Because the outcome of any clinical trial or preclinical study is highly uncertain, we cannot reasonably estimate the actual amounts necessary to successfully complete the development and commercialization of our product candidates. Furthermore, following the completion of this offering, we expect to incur additional costs associated with operating as a public company. Accordingly, we will need to obtain substantial additional funding in connection with our continuing operations. 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 that the net proceeds from this offering, together with our existing cash, cash equivalents and marketable securities, will enable us to fund our operations for at least the next 12 months. In particular, we expect that the net proceeds from this offering and our existing cash, cash equivalents and marketable securities will allow us to complete our ongoing Phase 2b clinical trial for GB001, our planned Phase 1b clinical trial in PAH for GB002 and our planned Phase 1b clinical trial in UC for GB004. 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. Our operating plans and other demands on our cash resources may change as a result of many factors currently unknown to us, and we may need to seek additional funds sooner than planned, through public or private equity or debt financings or other capital sources, including potentially collaborations, licenses and other similar arrangements. 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. Attempting to secure additional financing may divert our management from our day-to-day activities, which may adversely affect our ability to develop our product candidates.

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

- the type, number, scope, progress, expansions, results, costs and timing of, our clinical trials and preclinical studies of our product candidates which we are pursuing or may choose to pursue in the future;
- the costs and timing of manufacturing for our product candidates, including commercial manufacturing if any product candidate is approved;
- the costs, timing and outcome of regulatory review of our product candidates;
- the costs of obtaining, maintaining and enforcing our patents and other intellectual property rights;
- our efforts to enhance operational systems and hire additional personnel to satisfy our obligations as a public company, including enhanced internal controls over financial reporting;

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- the costs associated with hiring additional personnel and consultants as our clinical activities increase;
- the timing and amount of the milestone or other payments we must make to the licensors and other third parties from whom we have in-licensed our acquired our product candidates;
- the costs and timing of establishing or securing sales and marketing capabilities if any product candidate is approved;
- our ability to achieve sufficient market acceptance, coverage and adequate reimbursement from third-party payors and adequate market share and revenue for any approved products;
- the terms and timing of establishing and maintaining collaborations, licenses and other similar arrangements; and
- costs associated with any products or technologies that we may in-license or acquire.

Conducting clinical trials and preclinical studies is a time consuming, expensive and uncertain process that takes years to complete, and we 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.

Accordingly, we will need to continue to rely on additional financing to achieve our business objectives. 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.

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

Until such time, if ever, as we can generate substantial product revenues, we expect to finance our cash needs through equity offerings, debt financings or other capital sources, including potentially collaborations, licenses and other similar arrangements. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a common stockholder. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends.

If we raise funds through future collaborations, licenses and other similar arrangements, we may have to relinquish valuable rights to our future revenue streams, research programs or product candidates or grant licenses on terms that may not be favorable to us and/or that may reduce the value of our common stock.

### **Risks Related to the Discovery, Development and Regulatory Approval of Our Product Candidates**

***We depend heavily on the success of GB001, GB002 and GB004, which are in either Phase 1 or Phase 2 clinical development. If we are unable to advance our product candidates in clinical development, obtain regulatory approval and ultimately commercialize our product candidates, or experience significant delays in doing so, our business will be materially harmed.***

Our three clinical-stage product candidates are in Phase 1 or Phase 2 clinical development. We commenced a Phase 2b clinical trial of GB001 in moderate-to-severe eosinophilic asthma in October 2018.



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GB002 is currently undergoing Phase 1 clinical studies in healthy volunteers, and we plan to commence a Phase 1b clinical trial in PAH in the first half of 2019 and a Phase 2/3 clinical trial in PAH in the second half of 2019. Our third clinical-stage product candidate, GB004, is currently undergoing a Phase 1 clinical trial in healthy volunteers, and, following submission of an IND with the FDA, we expect to initiate a Phase 1b clinical trial in UC in the first half of 2019. Our assumptions about why these product candidates are worthy of future development and potential approval in these, or any, indications are based on data primarily collected by other companies. We also have preclinical product candidates that will need to progress through IND-enabling studies prior to clinical development. None of our product candidates have advanced into a pivotal study for the indications for which we are studying. Our ability to generate product revenues, which we do not expect will occur for many years, if ever, will depend heavily on the successful development and eventual commercialization of our product candidates. The success of our product candidates will depend on several factors, including the following:

- successful enrollment in clinical trials and completion of clinical trials and preclinical studies with favorable results;
- acceptance of INDs by the FDA or similar regulatory filing by comparable foreign regulatory authorities for the conduct of clinical trials of GB004 and our preclinical product candidates and our proposed design of future clinical trials;
- demonstrating safety and efficacy to the satisfaction of applicable regulatory authorities;
- receipt of marketing approvals from applicable regulatory authorities, including new drug applications, or NDAs, from the FDA and maintaining such approvals;
- making arrangements with our third-party manufacturers for, or establishing, commercial manufacturing capabilities;
- establishing sales, marketing and distribution capabilities and launching commercial sales of our products, if and when approved, whether alone or in collaboration with others;
- establishment and maintenance of patent and trade secret protection or regulatory exclusivity for our product candidates;
- maintaining an acceptable safety profile of our products following approval; and
- maintaining and growing an organization of people who can develop our products and technology.

Certain of our product candidates are subject to regulation as combination products, which means that they are composed of both a drug product and device product. If marketed individually, each component would be subject to different regulatory pathways and reviewed by different centers within the FDA. Our product candidates that are considered to be drug-device combination products will require review and coordination by FDA's drug and device centers prior to approval, which may delay approval. Under FDA regulations, combination products are subject to current good manufacturing practice, or cGMP, requirements applicable to both drugs and devices, including the Quality System, or QS, regulations applicable to medical devices. Combination products are also subject to the Medical Device Directives and Standards in Europe. Problems associated with the device component of the combination product candidate may delay or prevent approval. If the manufacturer of the device products make modifications, or if we elect to change a device component or develop our own proprietary device component, we will need to perform validation testing and obtain FDA and other regulatory approval prior to using the modified device component. If the FDA or any other regulatory body fails to approve use of those modified devices or take significant enforcement action against the manufacturer, we would not be able to market or may have to suspend marketing our products in certain jurisdictions.

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The success of our business, including our ability to finance our company and generate any revenue in the future, will primarily depend on the successful development, regulatory approval and commercialization of our product candidates, which may never occur. We have not yet succeeded and may not succeed in demonstrating efficacy and safety for any product candidates in clinical trials or in obtaining marketing approval thereafter. Given our early stage of development, it may be several years, if at all, before we have demonstrated the safety and efficacy of a treatment sufficient to warrant approval for commercialization. If we are unable to develop, or obtain regulatory approval for, or, if approved, successfully commercialize our product candidates, we may not be able to generate sufficient revenue to continue our business.

***Clinical drug development involves a lengthy and expensive process with an uncertain outcome, and the results of preclinical studies and early clinical trials are not necessarily predictive of future results. In addition, our assumptions about why our product candidates are worthy of future development and potential approval are based on data primarily collected by other companies. Our product candidates may not have favorable results in later clinical trials, if any, or receive regulatory approval on a timely basis, if at all.***

Clinical drug development is expensive and can take many years to complete, and its outcome is inherently uncertain. We cannot guarantee that any clinical trials will be conducted as planned or completed on schedule, if at all, and failure can occur at any time during the preclinical study or clinical trial process. Despite promising preclinical or clinical results, any product candidate can unexpectedly fail at any stage of preclinical or clinical development. The historical failure rate for product candidates in our industry is high.

The results from preclinical studies or clinical trials of a product candidate may not predict the results of later clinical trials of the product candidate, and interim results of a clinical trial are not necessarily indicative of final results. Product candidates in later stages of clinical trials may fail to show the desired safety and efficacy characteristics despite having progressed through preclinical studies and initial clinical trials. In particular, while two Phase 2 clinical trials of GB001 have been conducted prior to our acquisition of GB001, we do not know how GB001 will perform in future clinical trials, including as a result of any differences from targeting a population of more severe asthma subjects with elevated eosinophil counts, as well as other differences in our planned trial design. Further, GB001 did not meet its primary efficacy endpoint of improvement in FEV<sub>1</sub> over 10 weeks in the first Phase 2 clinical trial conducted by Pulmagen Therapeutics (Asthma) Limited, or Pulmagen, and the second Phase 2 clinical trial conducted by Pulmagen and its partner, Teijin, was limited to only Japanese patients. While we have designed our ongoing Phase 2b trial in a manner intended to address what we believe to be the shortcomings of the first Pulmagen Phase 2 clinical trial, we cannot be certain that such failure was not due to GB001 itself or that the results of our ongoing Phase 2b trial will otherwise be successful in a broader patient population. It is not uncommon to observe results in clinical trials that are unexpected based on preclinical studies and early clinical trials, and many product candidates fail in clinical trials despite very promising early results. For example, our decision to advance GB002 as a potential treatment for PAH is based in part on the efficacy of imatinib (Gleevec), a tyrosine kinase inhibitor with known activity against PDGF and marketed for oncology indications, observed by Novartis Pharmaceutical Corporation, or Novartis, in a Phase 3 clinical trial; however, we may not observe similar efficacy in our clinical trials of GB002. Moreover, this and any future preclinical and clinical data may be susceptible to varying interpretations and analyses. A number of companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in clinical development even after achieving promising results in earlier studies. Furthermore, we cannot assure you that our preclinical programs will be able to progress from candidate identification to Phase 1 clinical development.

In addition, Teijin, a third party over which we have no control, has the right to develop and commercialize GB001 in Japan. If serious adverse events or other problems occur during any clinical trials of GB001 conducted by Teijin, the FDA or other regulatory authorities may delay, limit or deny approval of GB001 or require us to conduct additional clinical trials as a condition to marketing approval, which would increase our costs. If we receive FDA approval for GB001 and a new and serious safety issue is identified in clinical trials conducted by Teijin, regulatory authorities may withdraw their approval of the product or otherwise restrict our ability to market and sell GB001. In addition, treating physicians may be less willing to prescribe our product due to concerns over such adverse events, which would limit our ability to commercialize GB001.

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For the foregoing reasons, we cannot be certain that our ongoing and planned clinical trials and preclinical studies will be successful. Any safety concerns observed in any one of our clinical trials in our targeted indications could limit the prospects for regulatory approval of our product candidates in those and other indications, which could have a material adverse effect on our business, financial condition and results of operations.

***Any difficulties or delays in the commencement or completion, or termination or suspension, of our current or planned clinical trials could result in increased costs to us, delay or limit our ability to generate revenue and adversely affect our commercial prospects.***

Before obtaining marketing approval from regulatory authorities for the sale of our product candidates, we must conduct extensive clinical studies to demonstrate the safety and efficacy of the product candidates in humans. We are currently conducting a Phase 2b clinical trial of GB001 in moderate-to-severe eosinophilic asthma, and we plan to commence a Phase 1b clinical trial of GB002 in PAH patients in the first half of 2019 and a Phase 2/3 clinical trial of GB002 in PAH in the second half of 2019, among other planned trials. In addition, before we can initiate our planned Phase 1b clinical trial of GB004 in UC patients, currently planned for the first half of 2019, we must submit the results of preclinical studies to the FDA along with other information, including information about product candidate chemistry, manufacturing and controls and our proposed clinical trial protocol, as part of an IND application. We will have to follow the same procedure for our other preclinical product candidates which we plan to advance to clinical development, and we may also be required to submit regulatory filings to foreign regulatory authorities to the extent we initiate clinical trials outside of the United States.

We do not know whether our planned trials will begin on time or be completed on schedule, if at all. The commencement and completion of clinical trials can be delayed for a number of reasons, including delays related to:

- the FDA or comparable foreign regulatory authorities disagreeing as to the design or implementation of our clinical studies;
- obtaining regulatory authorizations to commence a trial or reaching a consensus with regulatory authorities on trial design;
- any failure or delay in reaching an agreement with contract research organizations, or CROs, and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and trial sites;
- obtaining approval from one or more institutional review boards, or IRBs;
- IRBs refusing to approve, suspending or terminating the trial at an investigational site, precluding enrollment of additional subjects, or withdrawing their approval of the trial;
- changes to clinical trial protocol;
- clinical sites deviating from trial protocol or dropping out of a trial;
- manufacturing sufficient quantities of product candidate or obtaining sufficient quantities of combination therapies for use in clinical trials;
- subjects failing to enroll or remain in our trial at the rate we expect, or failing to return for post-treatment follow-up;
- subjects choosing an alternative treatment for the indication for which we are developing our product candidates, or participating in competing clinical trials;

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- lack of adequate funding to continue the clinical trial;
- subjects experiencing severe or unexpected drug-related adverse effects;
- occurrence of serious adverse events in trials of the same class of agents conducted by other companies;
- selection of clinical endpoints that require prolonged periods of clinical observation or analysis of the resulting data;
- a facility manufacturing our product candidates or any of their components, including the device component of orally inhaled GB002, being ordered by the FDA or comparable foreign regulatory authorities to temporarily or permanently shut down due to violations of cGMP regulations or other applicable requirements, or infections or cross-contaminations of product candidates in the manufacturing process;
- any changes to our manufacturing process that may be necessary or desired;
- third-party clinical investigators losing the licenses or permits necessary to perform our clinical trials, not performing our clinical trials on our anticipated schedule or consistent with the clinical trial protocol, good clinical practices, or GCP, or other regulatory requirements; third-party contractors not performing data collection or analysis in a timely or accurate manner; or
- third-party contractors becoming debarred or suspended or otherwise penalized by the FDA or other government or regulatory authorities for violations of regulatory requirements, in which case we may need to find a substitute contractor, and we may not be able to use some or all of the data produced by such contractors in support of our marketing applications.

We could also encounter delays if a clinical trial is suspended or terminated by us, by the IRBs of the institutions in which such trials are being conducted, by a Data Safety Monitoring Board for such trial or by the FDA or comparable foreign regulatory authorities. Such authorities may impose such a suspension or termination due to a number of factors, including failure to conduct the clinical trial in accordance with regulatory requirements or our clinical protocols, inspection of the clinical trial operations or trial site by the FDA or comparable foreign regulatory authorities resulting in the imposition of a clinical hold, unforeseen safety issues or adverse side effects, failure to demonstrate a benefit from using a drug, changes in governmental regulations or administrative actions or lack of adequate funding to continue the clinical trial. In addition, changes in regulatory requirements and policies may occur, and we may need to amend clinical trial protocols to comply with these changes. Amendments may require us to resubmit our clinical trial protocols to IRBs for reexamination, which may impact the costs, timing or successful completion of a clinical trial.

Further, conducting clinical trials in foreign countries, as we may do for our product candidates, presents additional risks that may delay completion of our clinical trials. These risks include the failure of enrolled patients in foreign countries to adhere to clinical protocol as a result of differences in healthcare services or cultural customs, managing additional administrative burdens associated with foreign regulatory schemes, as well as political and economic risks relevant to such foreign countries.

Moreover, principal investigators for our clinical trials may serve as scientific advisors or consultants to us from time to time and receive compensation in connection with such services. Under certain circumstances, we may be required to report some of these relationships to the FDA or comparable foreign regulatory authorities. The FDA or comparable foreign regulatory authority may conclude that a financial relationship between us and a principal investigator has created a conflict of interest or otherwise affected interpretation of the study. The FDA or comparable foreign regulatory authority may therefore question the integrity of the data

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generated at the applicable clinical trial site and the utility of the clinical trial itself may be jeopardized. This could result in a delay in approval, or rejection, of our marketing applications by the FDA or comparable foreign regulatory authority, as the case may be, and may ultimately lead to the denial of marketing approval of one or more of our product candidates.

If we experience delays in the completion of, or termination of, any clinical trial of our product candidates, the commercial prospects of our product candidates will be harmed, and our ability to generate product revenues from any of these product candidates will be delayed. Moreover, any delays in completing our clinical trials will increase our costs, slow down our product candidate development and approval process and jeopardize our ability to commence product sales and generate revenues.

In addition, many of the factors that cause, or lead to, termination or suspension of, or a delay in the commencement or completion of, clinical trials may also ultimately lead to the denial of regulatory approval of a product candidate. We may make formulation or manufacturing changes to our product candidates, in which case we may need to conduct additional preclinical studies to bridge our modified product candidates to earlier versions. Any delays to our clinical trials that occur as a result could shorten any period during which we may have the exclusive right to commercialize our product candidates and our competitors may be able to bring products to market before we do, and the commercial viability of our product candidates could be significantly reduced. Any of these occurrences may harm our business, financial condition and prospects significantly.

***We may find it difficult to enroll patients in our clinical trials. If we encounter difficulties enrolling subjects in our clinical trials, our clinical development activities could be delayed or otherwise adversely affected.***

We may not be able to initiate or continue clinical trials for our product candidates if we are unable to identify 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. Subject enrollment, a significant factor in the timing of clinical trials, is affected by many factors including the size and nature of the patient population, the proximity of patients to clinical sites, the eligibility and exclusion criteria for the trial, the design of the clinical trial, the risk that enrolled patients will not complete a clinical trial, our ability to recruit clinical trial investigators with the appropriate competencies and experience, competing clinical trials and clinicians' and patients' perceptions as to the potential advantages and risks of the product candidate being studied in relation to other available therapies, including any new drugs that may be approved for the indications we are investigating as well as any drugs under development. We will be required to identify and enroll a sufficient number of subjects for each of our clinical trials. Potential subjects for any planned clinical trials may not be adequately diagnosed or identified with the diseases which we are targeting or may not meet the entry criteria for such trials. For example, a limited number of patients are affected by PAH, which is our target indication for GB002. We also may encounter difficulties in identifying and enrolling subjects with a stage of disease appropriate for our planned clinical trials and monitoring such subjects adequately during and after treatment. We may not be able to initiate or continue clinical trials if we are unable to locate a sufficient number of eligible subjects to participate in the clinical trials required by the FDA or comparable foreign regulatory authorities. In addition, the process of finding and diagnosing subjects may prove costly.

The timing of our clinical trials depends, in part, on the speed at which we can recruit patients to participate in our trials, as well as completion of required follow-up periods. For certain of our product candidates, including GB002, the conditions which we currently plan to evaluate are orphan or rare diseases with limited patient pools from which to draw for clinical trials. The eligibility criteria of our clinical trials, once established, will further limit the pool of available trial participants. If patients are unwilling to participate in our trials for any reason, including the existence of concurrent clinical trials for similar patient populations, if they are unwilling to enroll in a clinical trial with a placebo-controlled design or the availability of approved therapies, or we otherwise have difficulty enrolling a sufficient number of patients, the timeline for recruiting subjects, conducting studies and obtaining regulatory approval of our product candidates may be delayed. Our inability to enroll a sufficient number of subjects for any of our future clinical trials would result in significant delays or may

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require us to abandon one or more clinical trials altogether. In addition, we expect to rely on CROs and clinical trial sites to ensure proper and timely conduct of our future clinical trials and, while we intend to enter into agreements governing their services, we will have limited influence over their actual performance.

We cannot assure you that our assumptions used in determining expected clinical trial timelines are correct or that we will not experience delays in enrollment, which would result in the delay of completion of such trials beyond our expected timelines.

***Use of our product candidates could be associated with side effects, adverse events or other properties or safety risks, which could delay or preclude approval, cause us to suspend or discontinue clinical trials, abandon a product candidate, limit the commercial profile of an approved label or result in other significant negative consequences that could severely harm our business, prospects, operating results and financial condition.***

As is the case with pharmaceuticals generally, it is likely that there may be side effects and adverse events associated with our product candidates' use. Results of our clinical trials could reveal a high and unacceptable severity and prevalence of side effects or unexpected characteristics. Undesirable side effects caused by our product candidates could cause us or regulatory authorities to interrupt, delay or halt clinical trials and could result in a more restrictive label or the delay or denial of regulatory approval by the FDA or comparable foreign regulatory authorities. The drug-related side effects could affect patient recruitment or the ability of enrolled patients to complete the trial or result in potential product liability claims. Any of these occurrences may harm our business, financial condition and prospects significantly.

Moreover, if our product candidates are associated with undesirable side effects in clinical trials or have characteristics that are unexpected, we may elect to abandon their development or limit their development to more narrow uses or subpopulations in which the undesirable side effects or other characteristics are less prevalent, less severe or more acceptable from a risk-benefit perspective, which may limit the commercial expectations for the product candidate if approved. We may also be required to modify our study plans based on findings in our ongoing clinical trials. GB001 was generally well tolerated with a treatment-emergent adverse event rate similar to placebo in completed Phase 2 clinical trials. In Phase 1 studies conducted by Pulmagen and Teijin, a single serious adverse event deemed by the investigator likely to be related to GB001 was observed in a Japanese patient who had received a 160mg dose. The patient experienced intrahepatic cholestasis, a liver disorder, which resolved after treatment discontinuation. We are also currently conducting Phase 1a SAD and MAD double-blind, placebo-controlled, randomized trials of orally inhaled GB002 in healthy adult volunteers, and no treatment related safety issues have been reported to date. However, further analysis may reveal adverse events inconsistent with the safety profile observed to date. Additionally, while we have not yet completed clinical trials for GB002 and have only completed a Phase 1 SAD study in healthy volunteers for GB004, and it is likely that there may be side effects associated with their use. For example, in 2013, results from a Phase 3 clinical trial in PAH of imatinib (Gleevec) showed statistically significant improvement in its primary efficacy endpoint, but systemic toxicities were also observed. We cannot be certain that GB002 will not exhibit similar toxicities. Many compounds that initially showed promise in early-stage testing have later been found to cause side effects that prevented further development of the compound. In addition, regulatory authorities may draw different conclusions or require additional testing to confirm these determinations.

It is possible that as we test our product candidates in larger, longer and more extensive clinical trials, or as the use of these product candidates becomes more widespread if they receive regulatory approval, illnesses, injuries, discomforts and other adverse events that were observed in earlier trials, as well as conditions that did not occur or went undetected in previous trials, will be reported by subjects. If such side effects become known later in development or upon approval, if any, such findings may harm our business, financial condition and prospects significantly.

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In addition, if one or more of our product candidates receives marketing approval, and we or others later identify undesirable side effects caused by such products, a number of potentially significant negative consequences could result, including:

- regulatory authorities may withdraw, suspend or limit approvals of such product;
- we may be required to recall a product or change the way such product is administered to patients;
- regulatory authorities may require additional warnings on the label, such as a “black box” warning or a contraindication;
- we may be required to implement a Risk Evaluation and Mitigation Strategy, or REMS, or create a medication guide outlining the risks of such side effects for distribution to patients;
- we may be required to change the way a product is distributed or administered, conduct additional clinical trials or change the labeling of a product or be required to conduct additional post-marketing studies or surveillance;
- we could be sued and held liable for harm caused to patients;
- sales of the product may decrease significantly or the product could become less competitive; and
- our reputation may suffer.

Any of these events could prevent us from achieving or maintaining market acceptance of the particular product candidate, if approved, and could significantly harm our business, results of operations and prospects.

***As an organization, we are in the process of completing our first Phase 1 clinical trials, have never conducted later-stage clinical trials or submitted an NDA, and may be unable to do so for any of our product candidates.***

We are early in our development efforts for our product candidates, and we will need to successfully complete later-stage and pivotal clinical trials in order to obtain FDA or comparable foreign regulatory approval to market GB001, GB002, GB004 or any future product candidates. Carrying out later-stage clinical trials and the submission of a successful NDA is a complicated process. As an organization, we are in the process of completing Phase 1 clinical trials for GB001, GB002 and GB004 and conducting a Phase 2b clinical trial for GB001. We have not yet conducted any clinical trials for our other product candidates. We have not previously conducted any later stage or pivotal clinical trials, have limited experience as a company in preparing, submitting and prosecuting regulatory filings and have not previously submitted an IND or an NDA or other comparable foreign regulatory submission for any product candidate. We also plan to conduct a number of clinical trials for multiple product candidates in parallel over the next several years, which may be a difficult process to manage with our limited resources and which may divert the attention of management. In addition, we have had limited interactions with the FDA and cannot be certain how many additional clinical trials of GB001, GB002, GB004 or any other product candidates will be required or how such trials should be designed. Consequently, we may be unable to successfully and efficiently execute and complete necessary clinical trials in a way that leads to regulatory submission and approval of any of our product candidates. We may require more time and incur greater costs than our competitors and may not succeed in obtaining regulatory approvals of product candidates that we develop. Failure to commence or complete, or delays in, our planned clinical trials, could prevent us from or delay us in submitting NDAs for and commercializing our product candidates.

***Our product candidates are subject to extensive regulation and compliance, which is costly and time consuming, and such regulation may cause unanticipated delays or prevent the receipt of the required approvals to commercialize our product candidates.***

The clinical development, manufacturing, labeling, storage, record-keeping, advertising, promotion, import, export, marketing and distribution of our product candidates are subject to extensive regulation by the FDA in the United States and by comparable foreign regulatory authorities in foreign markets. In the United States, we are not permitted to market our product candidates until we receive regulatory approval from the FDA. The process of obtaining regulatory approval is expensive, often takes many years following the commencement of clinical trials and can vary substantially based upon the type, complexity and novelty of the product candidates involved, as well as the target indications and patient population. Approval policies or regulations may change, and the FDA has substantial discretion in the drug approval process, including the ability to delay, limit or deny approval of a product candidate for many reasons. Despite the time and expense invested in clinical development of product candidates, regulatory approval is never guaranteed. We are not permitted to market any of our product candidates in the United States until we receive approval of an NDA from the FDA.

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

The FDA or comparable foreign regulatory authorities can delay, limit or deny approval of a product candidate for many reasons, including:

- such authorities may disagree with the design or implementation of our clinical trials;
- negative or ambiguous results from our clinical trials or results may not meet the level of statistical significance required by the FDA or comparable foreign regulatory agencies for approval;
- serious and unexpected drug-related side effects may be experienced by participants in our clinical trials or by individuals using drugs similar to our product candidates;
- the population studied in the clinical trial may not be sufficiently broad or representative to assure safety in the full population for which we seek approval;
- such authorities may not accept clinical data from trials which are conducted at clinical facilities or in countries where the standard of care is potentially different from that of the United States;
- we may be unable to demonstrate that a product candidate's clinical and other benefits outweigh its safety risks;
- such authorities may disagree with our interpretation of data from preclinical studies or clinical trials;
- such authorities may not agree that the data collected from clinical trials of our product candidates are acceptable or sufficient to support the submission of an NDA or other submission or to obtain regulatory approval in the United States or elsewhere, and such authorities may impose requirements for additional preclinical studies or clinical trials;



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- such authorities may disagree regarding the formulation, labeling and/or the specifications of our product candidates;
- approval may be granted only for indications that are significantly more limited than what we apply for and/or with other significant restrictions on distribution and use;
- such authorities may find deficiencies in the manufacturing processes or facilities of our third-party manufacturers with which we contract for clinical and commercial supplies; or the approval policies;
- regulations of such authorities may significantly change in a manner rendering our or any of our potential future collaborators' clinical data insufficient for approval; or
- such authorities may not accept a submission due to, among other reasons, the content or formatting of the submission.

With respect to foreign markets, approval procedures vary among countries and, in addition to the foregoing risks, may involve additional product testing, administrative review periods and agreements with pricing authorities. In addition, events raising questions about the safety of certain marketed pharmaceuticals may result in increased cautiousness by the FDA and comparable foreign regulatory authorities in reviewing new drugs based on safety, efficacy or other regulatory considerations and may result in significant delays in obtaining regulatory approvals. Any delay in obtaining, or inability to obtain, applicable regulatory approvals would prevent us or any of our potential future collaborators from commercializing our product candidates.

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

Even if we eventually complete clinical trials and receive approval of an NDA or foreign marketing application for our product candidates, the FDA or comparable foreign regulatory authority may grant approval contingent on the performance of costly additional clinical trials, including Phase 4 clinical trials, and/or the implementation of a REMS, which may be required to ensure safe use of the drug after approval. The FDA or the comparable foreign regulatory authority also may approve a product candidate for a more limited indication or patient population than we originally requested, and the FDA or comparable foreign regulatory authority may not approve the labeling that we believe is necessary or desirable for the successful commercialization of a product. Any delay in obtaining, or inability to obtain, applicable regulatory approval would delay or prevent commercialization of that product candidate and would materially adversely impact our business and prospects.

***Because we have multiple product candidates in our clinical pipeline and are considering a variety of target indications, we may expend our limited resources to pursue a particular product candidate and fail to capitalize on product candidates or indications that may be more profitable or for which there is a greater likelihood of success.***

Because we have limited financial and managerial resources, we focus on specific product candidates, indications and development programs. We also plan to conduct several clinical trials for multiple product candidates in parallel over the next several years, which may make our decision as to which product candidates to focus on more difficult. As a result, we may forgo or delay pursuit of opportunities with other product candidates that could have had greater commercial potential. Our resource allocation decisions may cause us to fail to capitalize on viable commercial products or profitable market opportunities. Our spending on current and future research and development programs and product candidates for specific indications may not yield any

commercially viable products. If we do not accurately evaluate the commercial potential or target market for a particular product candidate, we may relinquish valuable rights to that product candidate through future collaborations, licenses and other similar arrangements in cases in which it would have been more advantageous for us to retain sole development and commercialization rights to such product candidate.

Additionally, we may pursue additional in-licenses or acquisitions of development-stage assets or programs, which entails additional risk to us. Identifying, selecting and acquiring promising product candidates requires substantial technical, financial and human resources expertise. Efforts to do so may not result in the actual acquisition or license of a particular product candidate, potentially resulting in a diversion of our management's time and the expenditure of our resources with no resulting benefit. For example, if we are unable to identify programs that ultimately result in approved products, we may spend material amounts of our capital and other resources evaluating, acquiring and developing products that ultimately do not provide a return on our investment.

***We may not be able to obtain or maintain orphan drug designations for certain of our product candidates, and we may be unable to maintain the benefits associated with orphan drug designation, including the potential for market exclusivity.***

Regulatory authorities in some jurisdictions, including the United States and Europe, may designate drugs for relatively small patient populations as orphan drugs. Under the Orphan Drug Act of 1983, the FDA may designate a product as an orphan product if it is intended to treat a rare disease or condition, which is generally defined as a patient population of fewer than 200,000 individuals in the United States, or a patient population of greater than 200,000 individuals in the United States, but for which there is no reasonable expectation that the cost of developing the drug will be recovered from sales in the United States. In the European Union, the European Medicines Agency's, or the EMA's, Committee for Orphan Medicinal Products grants orphan drug designation to promote the development of products that are intended for the diagnosis, prevention or treatment of a life-threatening or chronically debilitating condition affecting not more than five in 10,000 persons in the European Union. We have received orphan drug designation in the United States for GB002 for patients with PAH, and we may seek orphan drug designation in the European Union for GB002 for patients with PAH, as well as seek orphan drug designation for certain of our other product candidates. There can be no assurance that the FDA or the EMA's Committee for Orphan Medicinal Products will grant orphan designation for any indication for which we apply, or that we will be able to maintain such designation.

In the United States, orphan designation entitles a party to financial incentives such as opportunities for grant funding toward clinical trial costs, tax advantages and user-fee waivers. In addition, if a product candidate that has orphan designation subsequently receives the first FDA approval for the disease for which it has such designation, the product is entitled to orphan drug exclusivity, which means that the FDA may not approve any other applications, including an NDA, to market the same drug for the same indication for seven years, except in limited circumstances, such as a showing of clinical superiority to the product with orphan drug exclusivity or where the manufacturer is unable to assure sufficient product quantity. The applicable exclusivity period is ten years in Europe, but such exclusivity period can be reduced to six years if a product no longer meets the criteria for orphan designation or if the product is sufficiently profitable so that market exclusivity is no longer justified.

Even if we obtain orphan drug exclusivity for a product, that exclusivity may not effectively protect the product from competition because different drugs can be approved for the same condition. Even after an orphan drug is approved, the FDA or comparable foreign regulatory authority can subsequently approve the same drug for the same condition if such regulatory authority concludes that the later drug is clinically superior if it is shown to be safer, more effective or makes a major contribution to patient care. Orphan drug designation neither shortens the development time or regulatory review time of a drug nor gives the drug any advantage in the regulatory review or approval process.

***We are currently conducting, and may in the future conduct, certain of our clinical trials for our product candidates outside of the United States. However, the FDA and other foreign equivalents may not accept data from such trials, in which case our development plans will be delayed, which could materially harm our business.***

We are currently conducting, and may in the future conduct one or more of our clinical trials for our product candidates outside the United States. Although the FDA may accept data from clinical trials conducted outside the United States, acceptance of this data is subject to certain conditions imposed by the FDA. For example, the FDA requires the clinical trial to have been conducted in accordance with GCPs, and the FDA must be able to validate the data from the clinical trial through an onsite inspection if it deems such inspection necessary. In addition, when studies are conducted only at sites outside of the United States, the FDA generally does not provide advance comment on the clinical protocols for the studies, and therefore there is an additional potential risk that the FDA could determine that the study design or protocol for a non-U.S. clinical trial was inadequate, which would likely require us to conduct additional clinical trials. There can be no assurance the FDA will accept data from clinical trials conducted outside of the United States. If the FDA does not accept data from our clinical trials of our product candidates, it would likely result in the need for additional clinical trials, which would be costly and time consuming and delay or permanently halt our development of our product candidates.

Conducting clinical trials outside the United States also exposes us to additional risks, including risks associated with:

- additional foreign regulatory requirements;
- foreign exchange fluctuations;
- compliance with foreign manufacturing, customs, shipment and storage requirements;
- cultural differences in medical practice and clinical research; and
- diminished protection of intellectual property in some countries.

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

From time to time, we may publicly disclose preliminary or topline or data from our clinical studies, which is based on a preliminary analysis of then-available data, and the results and related findings and conclusions are subject to change following a more comprehensive review of the data related to the particular study or trial. We also make assumptions, estimations, calculations and conclusions as part of our analyses of data, and we may not have received or had the opportunity to fully and carefully evaluate all data. As a result, the topline results that we report may differ from future results of the same studies, or different conclusions or considerations may qualify such results, once additional data have been received and fully evaluated. Topline data also remain subject to audit and verification procedures that may result in the final data being materially different from the preliminary data we previously published. As a result, topline data should be viewed with caution until the final data are available. From time to time, we may also disclose interim data from our clinical studies. 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. Adverse differences between preliminary or interim data and final data could significantly harm our business prospects. For example, we commenced a Phase 2b clinical trial in moderate-to-severe eosinophilic asthma in October 2018 and expect to conduct an interim analysis in the first half of 2020. If the interim analysis is positive, we plan on initiating a Phase 3 clinical trial thereafter. However, if the final data from the Phase 2b

clinical trial materially differs in an adverse manner from the interim analysis, we may have unnecessarily expended or committed substantial resources to the Phase 3 clinical trial, which costs we may never be able to recover.

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 based on what is typically extensive information, and 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 drug, drug candidate or our business. If the topline data that we report differ from actual results, or if others, including regulatory authorities, disagree with the conclusions reached, our ability to obtain approval for, and commercialize, our product candidates may be harmed, which could harm our business, operating results, prospects or financial condition.

#### **Risks Related to Our Reliance on Third Parties**

***We rely on third parties to conduct many of our preclinical studies and clinical trials. Any failure by a third party to conduct the clinical trials according to GCPs and other requirements and in a timely manner may delay or prevent our ability to seek or obtain regulatory approval for or commercialize our product candidates.***

We are dependent on third parties to conduct our clinical trials and preclinical studies, including our ongoing clinical trials for GB001, GB002 and GB004 and preclinical studies for our other development programs. Specifically, we have used and relied on, and intend to continue to use and rely on, medical institutions, clinical investigators, CROs and consultants to conduct our clinical trials in accordance with our clinical protocols and regulatory requirements. These CROs, investigators and other third parties play a significant role in the conduct and timing of these trials and subsequent collection and analysis of data. While we have agreements governing the activities of our third-party contractors, we have limited influence over their actual performance. Nevertheless, we are responsible for ensuring that each of our clinical trials is conducted in accordance with the applicable protocol and legal, regulatory and scientific standards, and our reliance on the CROs and other third parties does not relieve us of our regulatory responsibilities. We and our CROs are required to comply with GCP requirements, which are regulations and guidelines enforced by the FDA and comparable foreign regulatory authorities for all of our product candidates in clinical development. Regulatory authorities enforce these GCPs through periodic inspections of trial sponsors, principal investigators and trial sites. If we or any of our CROs or trial sites fail to comply with applicable GCPs, the clinical data generated in our clinical trials may be deemed unreliable, and the FDA or comparable foreign regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. In addition, our clinical trials must be conducted with product produced under cGMP regulations. Our failure to comply with these regulations may require us to repeat clinical trials, which would delay the regulatory approval process.

There is no guarantee that any such CROs, investigators or other third parties will devote adequate time and resources to such trials or perform as contractually required. If any of these third parties fail to meet expected deadlines, adhere to our clinical protocols or meet regulatory requirements, or otherwise performs in a substandard manner, our clinical trials may be extended, delayed or terminated. In addition, many of the third parties with whom we contract may also have relationships with other commercial entities, including our competitors, for whom they may also be conducting clinical trials or other drug development activities that could harm our competitive position. In addition, principal investigators for our clinical trials may serve as scientific advisors or consultants to us from time to time and may receive cash or equity compensation in connection with such services. If these relationships and any related compensation result in perceived or actual conflicts of interest, or the FDA concludes that the financial relationship may have affected the interpretation of the study, the integrity of the data generated at the applicable clinical trial site may be questioned and the utility of the

clinical trial itself may be jeopardized, which could result in the delay or rejection of any NDA we submit by the FDA. Any such delay or rejection could prevent us from commercializing our product candidates.

If any of our relationships with these third parties terminate, we may not be able to enter into arrangements with alternative third parties or do so on commercially reasonable terms. Switching or adding additional CROs, investigators and other third parties involves additional cost and requires management time and focus. In addition, there is a natural transition period when a new CRO commences work. As a result, delays occur, which can materially impact our ability to meet our desired clinical development timelines. Though we carefully manage our relationships with our CROs, investigators and other third parties, there can be no assurance that we will not encounter challenges or delays in the future or that these delays or challenges will not have a material adverse impact on our business, financial condition and prospects.

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

We do not own or operate manufacturing facilities and have no plans to build our own clinical or commercial scale manufacturing capabilities. We rely, and expect to continue to rely, on third parties for the manufacture of our product candidates and related raw materials for clinical and preclinical development, as well as for commercial manufacture if any of our product candidates receive marketing approval. The facilities used by third-party manufacturers to manufacture our product candidates must be approved by the FDA pursuant to inspections that will be conducted after we submit an NDA to the FDA. We do not control the manufacturing process of, and are completely dependent on, third-party manufacturers for compliance with cGMP requirements for manufacture of drug products. If these third-party manufacturers cannot successfully manufacture material that conforms to our specifications and the strict regulatory requirements of the FDA or others, including requirements related to the manufacturing of high potency compounds, they will not be able to secure and/or maintain regulatory approval for their manufacturing facilities. In addition, we have no control over the ability of third-party manufacturers to maintain adequate quality control, quality assurance and qualified personnel. If the FDA or a comparable foreign regulatory authority does not approve these facilities for the manufacture of our product candidates or if it withdraws any such approval in the future, we may need to find alternative manufacturing facilities, which would significantly impact our ability to develop, obtain regulatory approval for or market our product candidates, if approved. Our failure, or the failure of our third-party manufacturers, to comply with applicable regulations could result in sanctions being imposed on us, including clinical holds, fines, injunctions, civil penalties, delays, suspension or withdrawal of approvals, seizures or recalls of product candidates or products, operating restrictions and criminal prosecutions, any of which could significantly and adversely affect supplies of our products.

Our or a third party's failure to execute on our manufacturing requirements, to do so on commercially reasonable terms and comply with cGMP could adversely affect our business in a number of ways, including:

- an inability to initiate or continue clinical trials of GB001, GB002, GB004 or any future product candidates under development;
- delay in submitting regulatory applications, or receiving marketing approvals, for our product candidates;
- subjecting third-party manufacturing facilities or our manufacturing facilities to additional inspections by regulatory authorities;
- requirements to cease development or to recall batches of our product candidates; and

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- in the event of approval to market and commercialize our product candidates, an inability to meet commercial demands for our product candidates or any other future product candidates.

In addition, we may be unable to establish any agreements with third-party manufacturers or to do so on acceptable terms. Even if we are able to establish agreements with third-party manufacturers, reliance on third-party manufacturers entails additional risks, including:

- failure of third-party manufacturers to comply with regulatory requirements and maintain quality assurance;
- breach of the manufacturing agreement by the third party;
- failure to manufacture our product according to our specifications;
- failure to manufacture our product according to our schedule or at all;
- misappropriation of our proprietary information, including our trade secrets and know-how; and
- termination or nonrenewal of the agreement by the third party at a time that is costly or inconvenient for us.

Our product candidates and any products that we may develop may compete with other product candidates and products for access to manufacturing facilities. There are a limited number of manufacturers that operate under cGMP regulations and that might be capable of manufacturing for us.

Any performance failure on the part of our existing or future manufacturers could delay clinical development or marketing approval, and any related remedial measures may be costly or time consuming to implement. We do not currently have arrangements in place for redundant supply or a second source for all required raw materials used in the manufacture of our product candidates. If our current third-party manufacturers cannot perform as agreed, we may be required to replace such manufacturers and we may be unable to replace them on a timely basis or at all.

Our current and anticipated future dependence upon others for the manufacture of our product candidates or products may adversely affect our future profit margins and our ability to commercialize any products that receive marketing approval on a timely and competitive basis.

***Our reliance on third parties requires us to share our trade secrets, which increases the possibility that a competitor will discover them or that our trade secrets will be misappropriated or disclosed.***

Because we currently rely on other third parties to manufacture our product candidates and to perform quality testing, we must, at times, share our proprietary technology and confidential information, including trade secrets, with them. We seek to protect our proprietary technology, in part, by entering into confidentiality agreements, consulting agreements or other similar agreements with our advisors, employees and consultants prior to beginning research or disclosing proprietary information. These agreements typically limit the rights of the third parties to use or disclose our confidential information. Despite the contractual provisions employed when working with third parties, the need to share trade secrets and other confidential information increases the risk that such trade secrets become known by our competitors, are intentionally or inadvertently incorporated into the technology of others or are disclosed or used in violation of these agreements. Given that our proprietary position is based, in part, on our know-how and trade secrets and despite our efforts to protect our trade secrets, a competitor's discovery of our proprietary technology and confidential information or other unauthorized use or disclosure would impair our competitive position and may have a material adverse effect on our business, financial condition, results of operations and prospects.

***We may seek to enter into collaborations, licenses and other similar arrangements and may not be successful in doing so, and even if we are, we may not realize the benefits of such relationships.***

We may seek to enter into collaborations, joint ventures, licenses and other similar arrangements for the development or commercialization of our product candidates, due to capital costs required to develop or commercialize the product candidate or manufacturing constraints. We may not be successful in our efforts to establish such collaborations for our product candidates because our research and development pipeline may be insufficient, our product candidates may be deemed to be at too early of a stage of development for collaborative effort or third parties may not view our product candidates as having the requisite potential to demonstrate safety and efficacy or significant commercial opportunity. In addition, we face significant competition in seeking appropriate strategic partners, and the negotiation process can be time consuming and complex. Further, any future collaboration agreements may restrict us from entering into additional agreements with potential collaborators. We cannot be certain that, following a strategic transaction or license, we will achieve an economic benefit that justifies such transaction.

Even if we are successful in our efforts to establish such collaborations, the terms that we agree upon may not be favorable to us, and we may not be able to maintain such collaborations if, for example, development or approval of a product candidate is delayed, the safety of a product candidate is questioned or sales of an approved product candidate are unsatisfactory.

In addition, any potential future collaborations may be terminable by our strategic partners, and we may not be able to adequately protect our rights under these agreements. Furthermore, strategic partners may negotiate for certain rights to control decisions regarding the development and commercialization of our product candidates, if approved, and may not conduct those activities in the same manner as we do. Any termination of collaborations we enter into in the future, or any delay in entering into collaborations related to our product candidates, could delay the development and commercialization of our product candidates and reduce their competitiveness if they reach the market, which could have a material adverse effect on our business, financial condition and results of operations.

#### **Risks Related to Commercialization of Our Product Candidates**

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

Following potential approval of any our product candidates, the FDA may impose significant restrictions on a product's indicated uses or marketing or impose ongoing requirements for potentially costly and time consuming post-approval studies, post-market surveillance or clinical trials to monitor the safety and efficacy of the product. The FDA may also require a REMS as a condition of approval of our product candidates, which could include requirements for a medication guide, physician communication plans or additional elements to ensure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. In addition, if the FDA or a comparable foreign regulatory authority approves our product candidates, the manufacturing processes, labeling, packaging, distribution, adverse event reporting, storage, advertising, promotion, import, export and recordkeeping for our products will be subject to extensive and ongoing regulatory requirements. These requirements include submissions of safety and other post-marketing information and reports, registration, as well as continued compliance with cGMPs and GCP requirements for any clinical trials that we conduct post-approval. Later discovery of previously unknown problems with our products, including

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adverse events of unanticipated severity or frequency, or with our third-party manufacturers or manufacturing processes, or failure to comply with regulatory requirements, may result in, among other things:

- restrictions on the marketing or manufacturing of our products, withdrawal of the product from the market or voluntary or mandatory product recalls;
- restrictions on product distribution or use, or requirements to conduct post-marketing studies or clinical trials;
- fines, restitutions, disgorgement of profits or revenues, warning letters, untitled letters or holds on clinical trials;
- refusal by the FDA to approve pending applications or supplements to approved applications filed by us or suspension or revocation of approvals;
- product seizure or detention, or refusal to permit the import or export of our products; and
- injunctions or the imposition of civil or criminal penalties.

The occurrence of any event or penalty described above may inhibit our ability to commercialize our product candidates and generate revenue and could require us to expend significant time and resources in response and could generate negative publicity.

In addition, if any of our product candidates is approved, our product labeling, advertising and promotion will be subject to regulatory requirements and continuing regulatory review. The FDA strictly regulates the promotional claims that may be made about drug products. In particular, a product may not be promoted for uses that are not approved by the FDA as reflected in the product's approved labeling. If we receive marketing approval for a product candidate, physicians may nevertheless prescribe it to their patients in a manner that is inconsistent with the approved label. If we are found to have promoted such off-label uses, we may become subject to significant liability. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant sanctions. The federal government has levied large civil and criminal fines against companies for alleged improper promotion and has enjoined several companies from engaging in off-label promotion. The FDA has also requested that companies enter into consent decrees or permanent injunctions under which specified promotional conduct is changed or curtailed.

The FDA's and other regulatory authorities' policies may change and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our product candidates. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any marketing approval that we may have obtained and we may not achieve or sustain profitability.

We also cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative or executive action, either in the United States or abroad. For example, certain policies of the current U.S. administration may impact our business and industry. Namely, the current U.S. administration has taken several executive actions, including the issuance of a number of Executive Orders, that could impose significant burdens on, or otherwise materially delay, the FDA's ability to engage in routine regulatory and oversight activities such as implementing statutes through rulemaking, issuance of guidance, and review and approval of marketing applications. It is difficult to predict how these executive actions, including the Executive Orders, will be implemented, and the extent to which they will impact the FDA's ability to exercise its regulatory authority. If these executive actions impose constraints on the FDA's ability to engage in oversight and implementation activities in the normal course, our business may be negatively impacted.



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If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any marketing approval that we may have obtained and we may not achieve or sustain profitability, which would adversely affect our business, prospects, financial condition and results of operations.

***The commercial success of our product candidates will depend upon the degree of market acceptance of such product candidates by physicians, patients, healthcare payors and others in the medical community.***

Our product candidates may not be commercially successful. Even if any of our product candidates receive regulatory approval, they may not gain market acceptance among physicians, patients, healthcare payors or the medical community. The commercial success of any of our current or future product candidates will depend significantly on the broad adoption and use of the resulting product by physicians and patients for approved indications. The degree of market acceptance of our products will depend on a number of factors, including:

- demonstration of clinical efficacy and safety compared to other more-established products;
- the indications for which our product candidates are approved;
- the limitation of our targeted patient population and other limitations or warnings contained in any FDA-approved labeling;
- acceptance of a new drug for the relevant indication by healthcare providers and their patients;
- the pricing and cost-effectiveness of our products, as well as the cost of treatment with our products in relation to alternative treatments and therapies;
- our ability to obtain and maintain sufficient third-party coverage and adequate reimbursement from government healthcare programs, including Medicare and Medicaid, private health insurers and other third-party payors;
- the willingness of patients to pay all, or a portion of, out-of-pocket costs associated with our products in the absence of sufficient third-party coverage and adequate reimbursement;
- any restrictions on the use of our products, and the prevalence and severity of any adverse effects;
- potential product liability claims;
- the timing of market introduction of our products as well as competitive drugs;
- the effectiveness of our or any of our potential future collaborators' sales and marketing strategies; and
- unfavorable publicity relating to the product.

If any product candidate is approved but does not achieve an adequate level of acceptance by physicians, hospitals, healthcare payors or patients, we may not generate sufficient revenue from that product and may not become or remain profitable. Our efforts to educate the medical community and third-party payors regarding the benefits of our products may require significant resources and may never be successful.

***The FDA and other regulatory agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses. If we are found or alleged to have improperly promoted off-label uses, we may become subject to significant liability.***

The FDA and other regulatory agencies strictly regulate the promotional claims that may be made about prescription products, as our product candidates would be, if approved. In particular, a product may not be promoted for uses that are not approved by the FDA or such other regulatory agencies as reflected in the product's approved labeling. If we are found to have promoted such off-label uses, we may become subject to significant liability. The federal government has levied large civil and criminal fines against companies for alleged improper promotion and has enjoined several companies from engaging in off-label promotion. The FDA has also requested that companies enter into consent decrees or permanent injunctions under which specified promotional conduct is changed or curtailed. If we cannot successfully manage the promotion of our product candidates, if approved, we could become subject to significant liability, which would materially adversely affect our business and financial condition.

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

The availability of coverage and the adequacy of reimbursement by governmental healthcare programs such as Medicare and Medicaid, private health insurers and other third-party payors are essential for most patients to be able to afford prescription medications such as our product candidates, if approved. Our ability to achieve coverage and acceptable levels of reimbursement for our products by third-party payors will have an effect on our ability to successfully commercialize those products. Even if we obtain coverage for a given product by a third-party payor, the resulting reimbursement payment rates may not be adequate or may require co-payments that patients find unacceptably high. We cannot be sure that coverage and reimbursement in the United States, the European Union or elsewhere will be available for any product that we may develop, and any reimbursement that may become available may be decreased or eliminated in the future.

Third-party payors increasingly are challenging prices charged for pharmaceutical products and services, and many third-party payors may refuse to provide coverage and reimbursement for particular drugs when an equivalent generic drug or a less expensive therapy is available. It is possible that a third-party payor may consider our products as substitutable and only offer to reimburse patients for the less expensive product. Even if we are successful in demonstrating improved efficacy or improved convenience of administration with our products, pricing of existing drugs may limit the amount we will be able to charge for our products. These payors may deny or revoke the reimbursement status of a given product or establish prices for new or existing marketed products at levels that are too low to enable us to realize an appropriate return on our investment in product development. If reimbursement is not available or is available only at limited levels, we may not be able to successfully commercialize our products and may not be able to obtain a satisfactory financial return on products that we may develop.

There is significant uncertainty related to third-party payor coverage and reimbursement of newly approved products. In the United States, third-party payors, including private and governmental payors, such as the Medicare and Medicaid programs, play an important role in determining the extent to which new drugs will be covered. Some third-party payors may require pre-approval of coverage for new or innovative devices or drug therapies before they will reimburse healthcare providers who use such therapies. It is difficult to predict at this time what third-party payors will decide with respect to the coverage and reimbursement for our products.

Obtaining and maintaining reimbursement status is time consuming, costly and uncertain. The Medicare and Medicaid programs increasingly are used as models for how private payors and other governmental payors develop their coverage and reimbursement policies for drugs. However, no uniform policy for coverage and

reimbursement for products exists among third-party payors in the United States. Therefore, coverage and reimbursement for products can differ significantly from payor to payor. As a result, the coverage determination process is often a time consuming and costly process that will require us to provide scientific and clinical support for the use of our products to each payor separately, with no assurance that coverage and adequate reimbursement will be applied consistently or obtained in the first instance. Furthermore, rules and regulations regarding reimbursement change frequently, in some cases at short notice, and we believe that changes in these rules and regulations are likely.

Outside the United States, international operations are generally subject to extensive governmental price controls and other market regulations, and we believe the increasing emphasis on cost-containment initiatives in Europe and other countries has and will continue to put pressure on the pricing and usage of our products. In many countries, the prices of medical products are subject to varying price control mechanisms as part of national health systems. Other countries allow companies to fix their own prices for medical products but monitor and control company profits. Additional foreign price controls or other changes in pricing regulation could restrict the amount that we are able to charge for our products. Accordingly, in markets outside the United States, the reimbursement for our products may be reduced compared with the United States and may be insufficient to generate commercially reasonable revenue and profits.

Moreover, increasing efforts by governmental and third-party payors in the United States and abroad to cap or reduce healthcare costs may cause such organizations to limit both coverage and the level of reimbursement for newly approved products and, as a result, they may not cover or provide adequate payment for our products. We expect to experience pricing pressures in connection with the sale of any of our products due to the trend toward managed healthcare, the increasing influence of health maintenance organizations and additional legislative changes. The downward pressure on healthcare costs in general, particularly prescription drugs and surgical procedures and other treatments, has become very intense. As a result, increasingly high barriers are being erected to the entry of new products.

***We face significant competition, and if our competitors develop technologies or product candidates more rapidly than we do or their technologies are more effective, our ability to develop and successfully commercialize products may be adversely affected.***

The biotechnology and pharmaceutical industries are characterized by rapidly advancing technologies, intense competition and a strong emphasis on proprietary and novel products and product candidates. Our competitors have developed, are developing or may develop products, product candidates and processes competitive with our product candidates. Any product candidates that we successfully develop and commercialize will compete with existing therapies and new therapies that may become available in the future. We believe that a significant number of products are currently under development, and may become commercially available in the future, for the treatment of conditions for which we may attempt to develop product candidates. In particular, there is intense competition in the fields of immunology, inflammation and oncology. Our competitors include larger and better funded pharmaceutical, biopharmaceutical, biotechnological and therapeutics companies. Moreover, we may also compete with universities and other research institutions who may be active in the indications we are targeting and could be in direct competition with us. We also compete with these organizations to recruit management, scientists and clinical development personnel, which could negatively affect our level of expertise and our ability to execute our business plan. We will also face competition in establishing clinical trial sites, enrolling subjects for clinical trials and in identifying and in-licensing new product candidates. Smaller or early stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies.

We expect to face competition from existing products and products in development for each of our product candidates. GB001, currently in development for the treatment of moderate-to-severe eosinophilic asthma, is an oral DP2 antagonist, a class of medicines with no currently-approved agents. However, other DP2 antagonists are currently in development by Novartis, Chiesi Farmaceutici S.p.A., Merck & Company, Inc. and

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Sunshine Lake Pharma Co., Ltd. If approved, we will also face branded competition from existing biologics, including Xolair (omalizumab/anti-immunoglobulin E, or anti-IgE, marketed by Genentech and Novartis) and Dupixent (dupilumab/anti-IL-4/IL-13, marketed by Regeneron Pharmaceuticals, Inc., or Regeneron, and Sanofi S.A.), for moderate to severe asthma, and Nucala (mepolizumab/anti-IL-5, marketed by GlaxoSmithKline), Cinqair (reslizumab/anti-IL-5, marketed by Teva Pharmaceutical Industries Ltd.), and Fasenra (benralizumab/anti-IL-5, marketed by AstraZeneca Pharmaceuticals LP) for severe eosinophilic asthma. We will also face competition from generic montelukast, which is utilized in mild to moderate patients. Several other agents are advancing in clinical trials for asthma, including tezepelumab (anti-TSLP; Amgen/AstraZeneca), REGN3500 (anti-IL-33; Regeneron), etokimab (anti-IL-33; AnaptysBio, Inc.), GSK3772847 (anti-IL-33; GlaxoSmithKline) and RG6149 (anti-ST2; Genentech).

Additionally, while there are no agents currently approved beyond corticosteroids for CRSwNP, several agents approved for or in development for asthma are currently in development for CRSwNP, including Xolair, Fasenra, Dupixent and etokimab.

Xolair is currently FDA-approved for the treatment of CSU. We may also face competition from agents currently in development for the indication, including ligelizumab (anti-IgE; Novartis) and AK002 (anti-Siglec-8; Allakos Inc.).

GB002 is a potentially first-in-class PDGF receptor kinase inhibitor initially targeted for intermediate and high-risk PAH patients. While potentially unique in our class, we expect our primary competition in this patient set will include prostanoids, available in oral form as Orenitram (United Therapeutics Corporation, or United Therapeutics) and Uptravi (Janssen Pharmaceuticals, Inc., or Janssen), by inhalation as Tyvaso (United Therapeutics), and by infusion as Remodulin (United Therapeutics). While we may face some competition from products used in class I and II patients, such as the oral PDE5 inhibitors, including Revatio (Pfizer Inc.) and Adcirca (United Therapeutics); the sGC stimulator Adempas (Bayer AG); and oral ERAs, including Tracleer (Janssen), Letairis (Gilead Sciences, Inc.) and Opsumit (Janssen), we believe that, if approved, GB002 would be used along with these background therapies. PAH is also an active indication for investigational drugs, and we may face competition in the future from ralinepag (Arena Pharmaceuticals, Inc.), sotatercept (Acceleron Pharma, Inc.) and bardoxolone methyl (Reata Pharmaceuticals, Inc.).

GB004 is potentially a first-in-class HIF-1a stabilizer with the potential to restore epithelial barrier function in patients with IBD. Patients with mild to moderate UC can initially be maintained in remission using a 5-aminosalicylic acid, or 5-ASA. For those patients who do not respond to 5-ASA, or those with more severe and/or extensive disease at diagnosis, corticosteroids are generally the next line of treatment. Patients who have become nonresponsive or intolerant to corticosteroids may move to azathioprine and 6-mercaptopurine. The treatment of severe patients is dominated by anti-TNF biologics, though the paradigm is shifting because of the approval of agents in other classes, such as anti-integrin, IL-12 / IL-23, and Janus kinase, or JAK, inhibitors. Further disruption is expected in the coming years through the introduction of oral S1P1 inhibitors and additional oral JAK inhibitors.

Many of our competitors have significantly greater financial, technical, manufacturing, marketing, sales and supply resources or experience than we do. If we successfully obtain approval for any product candidate, we will face competition based on many different factors, including the safety and effectiveness of our products, the ease with which our products can be administered and the extent to which patients accept relatively new routes of administration, the timing and scope of regulatory approvals for these products, the availability and cost of manufacturing, marketing and sales capabilities, price, reimbursement coverage and patent position. Competing products could present superior treatment alternatives, including by being more effective, safer, more convenient, less expensive or marketed and sold more effectively than any products we may develop. Competitive products may make any products we develop obsolete or noncompetitive before we recover the expense of developing and commercializing our product candidates. If we are unable to compete effectively, our opportunity to generate revenue from the sale of our products we may develop, if approved, could be adversely affected.

***If the market opportunities for our products are smaller than we believe they are, our revenue may be adversely affected, and our business may suffer.***

The precise incidence and prevalence for all the conditions we aim to address with our product candidates are unknown. Our projections of both the number of people who have these diseases, as well as the subset of people with these diseases who have the potential to benefit from treatment with our product candidates, are based on our beliefs and estimates. These estimates have been derived from a variety of sources, including the scientific literature, surveys of clinics, patient foundations or market research, and may prove to be incorrect. Further, new trials may change the estimated incidence or prevalence of these diseases. The total addressable market across all of our product candidates will ultimately depend upon, among other things, the diagnosis criteria included in the final label for each of our product candidates approved for sale for these indications, the availability of alternative treatments and the safety, convenience, cost and efficacy of our product candidates relative to such alternative treatments, acceptance by the medical community and patient access, drug pricing and reimbursement. The number of patients in the United States and other major markets and elsewhere may turn out to be lower than expected, patients may not be otherwise amenable to treatment with our products or new patients may become increasingly difficult to identify or gain access to, all of which would adversely affect our results of operations and our business. Further, even if we obtain significant market share for our product candidates, because some of our potential target populations are very small, we may never achieve profitability despite obtaining such significant market share.

***We currently have no marketing and sales organization and have no experience as a company in commercializing products, and we may have to invest significant resources to develop these capabilities. If we are unable to establish marketing and sales capabilities or enter into agreements with third parties to market and sell our products, we may not be able to generate product revenue.***

We have no internal sales, marketing or distribution capabilities, nor have we commercialized a product. If any of our product candidates ultimately receives regulatory approval, we must build a marketing and sales organization with technical expertise and supporting distribution capabilities to commercialize each such product in major markets, which will be expensive and time consuming, or collaborate with third parties that have direct sales forces and established distribution systems, either to augment our own sales force and distribution systems or in lieu of our own sales force and distribution systems. We have no prior experience as a company in the marketing, sale and distribution of biopharmaceutical products and there are significant risks involved in building and managing a sales organization, including our ability to hire, retain and incentivize qualified individuals, generate sufficient sales leads, provide adequate training to sales and marketing personnel and effectively manage a geographically dispersed sales and marketing team. Any failure or delay in the development of our internal sales, marketing and distribution capabilities would adversely impact the commercialization of these products. We may not be able to enter into collaborations or hire consultants or external service providers to assist us in sales, marketing and distribution functions on acceptable financial terms, or at all. In addition, our product revenues and our profitability, if any, may be lower if we rely on third parties for these functions than if we were to market, sell and distribute any products that we develop ourselves. We likely will have little control over such third parties, and any of them may fail to devote the necessary resources and attention to sell and market our products effectively. If we are not successful in commercializing our products, either on our own or through arrangements with one or more third parties, we may not be able to generate any future product revenue and we would incur significant additional losses.

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

Our future growth may depend, in part, on our ability to develop and commercialize our product candidates in foreign markets. We are not permitted to market or promote any of our product candidates before we receive regulatory approval from applicable regulatory authorities in foreign markets, and we may never receive such regulatory approvals for any of our product candidates. To obtain separate regulatory approval in

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many other countries we must comply with numerous and varying regulatory requirements regarding safety and efficacy and governing, among other things, clinical trials, commercial sales, pricing and distribution of our product candidates. If we obtain regulatory approval of our product candidates and ultimately commercialize our products in foreign markets, we would be subject to additional risks and uncertainties, including:

- different regulatory requirements for approval of drugs in foreign countries;
- reduced protection for intellectual property rights;
- the existence of additional third-party patent rights of potential relevance to our business;
- unexpected changes in tariffs, trade barriers and regulatory requirements;
- economic weakness, including inflation, or political instability in particular foreign economies and markets; compliance with tax, employment, immigration and labor laws for employees living or traveling abroad;
- foreign currency fluctuations, which could result in increased operating expenses and reduced revenues, and other obligations incident to doing business in another country;
- foreign reimbursement, pricing and insurance regimes;
- workforce uncertainty in countries where labor unrest is common;
- production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad; and
- business interruptions resulting from geopolitical actions, including war and terrorism, or natural disasters including earthquakes, typhoons, floods and fires.

### **Risks Related to Our Business Operations and Industry**

***Our operating results may fluctuate significantly, which makes our future operating results difficult to predict and could cause our operating results to fall below expectations or any guidance we may provide.***

Our quarterly and annual operating results may fluctuate significantly, which makes it difficult for us to predict our future operating results. These fluctuations may occur due to a variety of factors, many of which are outside of our control, including, but not limited to:

- the timing and cost of, and level of investment in, research, development, regulatory approval and commercialization activities relating to our product candidates, which may change from time to time;
- coverage and reimbursement policies with respect to our product candidates, if approved, and potential future drugs that compete with our products;
- the cost of manufacturing our product candidates, which may vary depending on the quantity of production and the terms of our agreements with third-party manufacturers;
- the timing and amount of the milestone or other payments we must make to the licensors and other third parties from whom we have in-licensed our acquired our product candidates, including payments due upon a change in control of our subsidiaries;

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- expenditures that we may incur to acquire, develop or commercialize additional product candidates and technologies;
- the level of demand for any approved products, which may vary significantly;
- future accounting pronouncements or changes in our accounting policies; and
- the timing and success or failure of preclinical studies or clinical trials for our product candidates or competing product candidates, or any other change in the competitive landscape of our industry, including consolidation among our competitors or partners.

The cumulative effects of these factors could result in large fluctuations and unpredictability in our quarterly and annual operating results. As a result, comparing our operating results on a period-to-period basis may not be meaningful. Investors should not rely on our past results as an indication of our future performance.

This variability and unpredictability could also result in our failing to meet the expectations of industry or financial analysts or investors for any period. If our revenue or operating results fall below the expectations of analysts or investors or below any forecasts we may provide to the market, or if the forecasts we provide to the market are below the expectations of analysts or investors, the price of our common stock could decline substantially. Such a stock price decline could occur even when we have met any previously publicly stated revenue or earnings guidance we may provide.

***We are dependent on the services of our management and other clinical and scientific personnel, and if we are not able to retain these individuals or recruit additional management or clinical and scientific personnel, our business will suffer.***

Our success depends in part on our continued ability to attract, retain and motivate highly qualified management, clinical and scientific personnel. We are highly dependent upon our senior management, particularly our Chief Executive Officer and our Executive Chairman, as well as our senior scientists and other members of our senior management team. The loss of services of any of these individuals could delay or prevent the successful development of our product pipeline, initiation or completion of our planned clinical trials or the commercialization of our product candidates. Although we have executed employment agreements or offer letters with each member of our senior management team, these agreements are terminable at will with or without notice and, therefore, we may not be able to retain their services as expected. We do not currently maintain “key person” life insurance on the lives of our executives or any of our employees, except for our Chief Executive Officer and Executive Chairman. This lack of insurance means that we may not have adequate compensation for the loss of the services of these individuals.

We will need to expand and effectively manage our managerial, operational, financial and other resources in order to successfully pursue our clinical development and commercialization efforts. We may not be successful in maintaining our unique company culture and continuing to attract or retain qualified management and scientific and clinical personnel in the future due to the intense competition for qualified personnel among pharmaceutical, biotechnology and other businesses, particularly in the San Diego area. Our industry has experienced a high rate of turnover of management personnel in recent years. If we are not able to attract, integrate, retain and motivate necessary personnel to accomplish our business objectives, we may experience constraints that will significantly impede the achievement of our development objectives, our ability to raise additional capital and our ability to implement our business strategy.

***We have recently substantially increased the size of our organization, and we may encounter difficulties in managing our growth and expanding our operations successfully.***

We have substantially increased our organization from 11 employees in January 2018 to 98 full-time employees and 1 part-time employee as of December 1, 2018. As we continue development and pursue the

potential commercialization of our product candidates, as well as function as a public company, we will need to continue to expand our financial, development, regulatory, manufacturing, marketing and sales capabilities or contract with third parties to provide these capabilities for us. As our operations expand, we expect that we will need to manage additional relationships with various strategic partners, suppliers and other third parties. Our future financial performance and our ability to develop and commercialize our product candidates and to compete effectively will depend, in part, on our ability to manage our recent substantial growth and any future growth effectively.

***We are subject to various foreign, federal, and state healthcare and privacy laws and regulations, and our failure to comply with these laws and regulations could harm our results of operations and financial condition.***

Our business operations and current and future arrangements with investigators, healthcare professionals, consultants, third-party payors and customers expose us to broadly applicable foreign, federal and state fraud and abuse and other healthcare and privacy laws and regulations. These laws may constrain the business or financial arrangements and relationships through which we conduct our operations, including how we research, market, sell and distribute any products for which we obtain marketing approval. Such laws include:

- the federal Anti-Kickback Statute, which prohibits, among other things, persons or entities from knowingly and willfully soliciting, offering, receiving or providing any remuneration (including any kickback, bribe or certain rebates), directly or indirectly, overtly or covertly, in cash or in kind, in return for, either the referral of an individual or the purchase, lease, or order, or arranging for or recommending the purchase, lease, or order of any good, facility, item or service, for which payment may be made, in whole or in part, under a federal healthcare program such as Medicare and Medicaid. A person or entity does not need to have actual knowledge of the federal Anti-Kickback Statute or specific intent to violate it in order to have committed a violation. In addition, the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the civil False Claims Act;
- the federal false claims and civil monetary penalties laws, including the civil False Claims Act, which prohibits, among other things, individuals or entities from knowingly presenting, or causing to be presented, to the federal government, claims for payment or approval that are false or fraudulent, knowingly making, using or causing to be made or used, a false record or statement material to a false or fraudulent claim, or from knowingly making or causing to be made a false statement to avoid, decrease or conceal an obligation to pay money to the federal government;
- the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, which imposes criminal and civil liability for, among other things, knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program, or knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statement, in connection with the delivery of, or payment for, healthcare benefits, items or services. Similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation;
- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, or HITECH, and their implementing regulations, also impose obligations, including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of individually identifiable health information without appropriate authorization by covered entities subject to the rule, such as health plans, healthcare clearinghouses and certain healthcare providers as well as their business associates that perform certain services for or on their behalf involving the use or disclosure of individually identifiable health information;



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- the federal Physician Payments Sunshine Act, which requires certain manufacturers of drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid or the Children’s Health Insurance Program (with certain exceptions) to report annually to the Centers for Medicare and Medicaid Services, or CMS, information related to payments and other “transfers of value” made to physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors) and teaching hospitals, as well as ownership and investment interests held by the physicians described above and their immediate family members; and
- analogous state and foreign laws and regulations, such as state anti-kickback and false claims laws, which may apply to our business practices, including but not limited to, research, distribution, sales and marketing arrangements and claims involving healthcare items or services reimbursed by non- governmental third-party payors, including private insurers, or by the patients themselves; state laws that require pharmaceutical companies to comply with the pharmaceutical industry’s voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government, or otherwise restrict payments that may be made to healthcare providers and other potential referral sources; state laws and regulations that require drug manufacturers to file reports relating to pricing and marketing information or which require tracking gifts and other remuneration and items of value provided to physicians, other healthcare providers and entities; state and local laws that require the registration of pharmaceutical sales representatives; state and foreign laws governing the privacy and security of health information in some circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA; state and foreign governments that have enacted or proposed requirements regarding the collection, distribution, use, security, and storage of personally identifiable information and other data relating to individuals (including the EU General Data Protection Regulation 2016/679, or GDPR, and the California Consumer Protection Act, or CCPA), and federal and state consumer protection laws are being applied to enforce regulations related to the online collection, use, and dissemination of data, thus complicating compliance efforts.

As of May 25, 2018, the GDPR replaced the Data Protection Directive with respect to the processing of personal data in the European Union. The GDPR imposes many requirements for controllers and processors of personal data, including, for example, higher standards for obtaining consent from individuals to process their personal data, more robust disclosures to individuals and a strengthened individual data rights regime, shortened timelines for data breach notifications, limitations on retention and secondary use of information, increased requirements pertaining to health data and pseudonymised (i.e., key-coded) data and additional obligations when we contract third-party processors in connection with the processing of the personal data. The GDPR allows EU member states to make additional laws and regulations further limiting the processing of genetic, biometric or health data. Failure to comply with the requirements of GDPR and the applicable national data protection laws of the EU member states may result in fines of up to €20,000,000 or up to 4% of the total worldwide annual turnover of the preceding financial year, whichever is higher, and other administrative penalties.

Ensuring that our internal operations and business arrangements with third parties comply with applicable healthcare laws and regulations could involve substantial costs. It is possible that governmental authorities will conclude that our business practices, including our consulting and advisory board arrangements with physicians and other healthcare providers, some of whom received stock options as compensation for services provided, do not comply with current or future statutes, regulations, agency guidance or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our operations are found to be in violation of any of the laws described above or any other governmental laws and regulations that may apply to us, we may be subject to significant penalties, including civil, criminal and administrative penalties, damages, fines, exclusion from U.S. government funded healthcare programs, such as Medicare and Medicaid, or similar programs in other countries or jurisdictions, disgorgement, individual imprisonment, contractual damages, reputational harm, additional reporting requirements and oversight if we become subject to a corporate integrity agreement or similar agreement to resolve allegations of non-compliance with these laws, diminished profits and

the curtailment or restructuring of our operations. Further, defending against any such actions can be costly, time consuming and may require significant financial and personnel resources. Therefore, even if we are successful in defending against any such actions that may be brought against us, our business may be impaired. If any of the physicians or other providers or entities with whom we expect to do business are found to not be in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusion from government funded healthcare programs and imprisonment. If any of the above occur, it could adversely affect our ability to operate our business and our results of operations.

***Recently enacted legislation, future legislation and healthcare reform measures may increase the difficulty and cost for us to obtain marketing approval for and commercialize our product candidates and may affect the prices we may set.***

In the United States and some foreign jurisdictions, there have been, and we expect there will continue to be, a number of legislative and regulatory changes to the healthcare system, including cost-containment measures that may reduce or limit coverage and reimbursement for newly approved drugs and affect our ability to profitably sell any product candidates for which we obtain marketing approval. In particular, there have been and continue to be a number of initiatives at the U.S. federal and state levels that seek to reduce healthcare costs and improve the quality of healthcare.

For example, in March 2010, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, collectively the Affordable Care Act, was enacted in the United States. Among the provisions of the Affordable Care Act of importance to our potential product candidates, the Affordable Care Act: establishes an annual, nondeductible fee on any entity that manufactures or imports specified branded prescription drugs and biologic agents; extends manufacturers' Medicaid rebate liability to covered drugs dispensed to individuals who are enrolled in Medicaid managed care organizations; expands eligibility criteria for Medicaid programs; expands the entities eligible for discounts under the Public Health program; increases the statutory minimum rebates a manufacturer must pay under the Medicaid Drug Rebate Program; creates a new Medicare Part D coverage gap discount program; establishes a new Patient-Centered Outcomes Research Institute to oversee, identify priorities in and conduct comparative clinical effectiveness research, along with funding for such research; and establishes a Center for Medicare Innovation at CMS to test innovative payment and service delivery models to lower Medicare and Medicaid spending.

At this time, we are unsure of the full impact that the Affordable Care Act will have on our business. There have been judicial and political challenges to certain aspects of the Affordable Care Act. For example, since January 2017, President Trump has signed two executive orders and other directives designed to delay, circumvent, or loosen certain requirements of the Affordable Care Act. Concurrently, Congress has considered legislation that would repeal or repeal and replace all or part of the Affordable Care Act. While Congress has not passed comprehensive repeal legislation, two bills affecting the implementation of certain taxes under the Affordable Care Act have been signed into law. The Tax Cuts and Jobs Act of 2017, or Tax Act, includes a provision repealing, effective January 1, 2019, the tax-based shared responsibility payment imposed by the Affordable Care Act on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the "individual mandate." On January 22, 2018, President Trump signed a continuing resolution on appropriations for fiscal year 2018 that delayed the implementation of certain Affordable Care Act-mandated fees, including the so-called "Cadillac" tax on certain high cost employer-sponsored insurance plans, the annual fee imposed on certain health insurance providers based on market share. The Bipartisan Budget Act of 2018, or the BBA, among other things, amends the Affordable Care Act, effective January 1, 2019, to close the coverage gap in most Medicare drug plans, commonly referred to as the "donut hole," by increasing from 50 percent to 70 percent the point-of-sale discount that is owed by pharmaceutical manufacturers who participate in Medicare Part D. In July 2018, CMS published a final rule permitting further collections and payments to and from certain Affordable Care Act qualified health plans and health insurance issuers under the Affordable Care Act risk adjustment program in response to the outcome of federal district court litigation regarding the method CMS uses to determine this risk adjustment.

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On December 14, 2018, a U.S. District Court Judge in the Northern District of Texas, ruled that the individual mandate is a critical and inseparable feature of the ACA, and therefore, because it was repealed as part of the Tax Act, the remaining provisions of the ACA are invalid as well. While the Trump Administration and CMS have both stated that the ruling will have no immediate effect, it is unclear how this decision, subsequent appeals, if any, and other efforts to repeal and replace the ACA will impact the ACA and our business.

In addition, other legislative changes have been proposed and adopted since the Affordable Care Act was enacted. On August 2, 2011, the Budget Control Act of 2011 was signed into law, which, among other things, resulted in reductions to Medicare payments to providers of 2% per fiscal year, which went into effect on April 1, 2013 and, due to subsequent legislative amendments to the statute, including the BBA, will remain in effect through 2027 unless additional Congressional action is taken. On January 2, 2013, the American Taxpayer Relief Act of 2012 was signed into law, which, among other things, reduced Medicare payments to several providers, including hospitals, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years.

Further, there has been heightened governmental scrutiny in the United States of pharmaceutical pricing practices in light of the rising cost of prescription drugs. Such scrutiny has resulted in several recent congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for products.

At the federal level, the Trump administration's budget proposal for fiscal year 2019 contains further drug price control measures that could be enacted during the 2019 budget process or in other future legislation, including, for example, measures to permit Medicare Part D plans to negotiate the price of certain drugs under Medicare Part B, to allow some states to negotiate drug prices under Medicaid and to eliminate cost sharing for generic drugs for low-income patients. Additionally, the Trump administration released a "Blueprint" to lower drug prices through proposals to increase manufacturer competition, increase the negotiating power of certain federal healthcare programs, incentivize manufacturers to lower the list price of their products and reduce the out of pocket costs of drug products paid by consumers. The U.S. Department of Health and Human Services has begun the process of soliciting feedback on some of these measures and, at the same time, is implementing others under its existing authority. Although some of these, and other, proposals will require authorization through additional legislation to become effective, Congress and the Trump administration have each indicated that it will continue to seek new legislative and/or administrative measures to control drug costs.

At the state level, legislatures have increasingly passed legislation and implemented regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. Legally mandated price controls on payment amounts by third-party payors or other restrictions could harm our business, results of operations, financial condition and prospects. In addition, regional healthcare authorities and individual hospitals are increasingly using bidding procedures to determine what pharmaceutical products and which suppliers will be included in their prescription drug and other healthcare programs. This could reduce the ultimate demand for our product candidates, if approved, or put pressure on our product pricing, which could negatively affect our business, results of operations, financial condition and prospects.

Additionally, on May 30, 2018, the Trickett Wendler, Frank Mongiello, Jordan McLinn, and Matthew Bellina Right to Try Act of 2017, or Right to Try Act, was signed into law. The law, among other things, provides a federal framework for certain patients with life-threatening diseases or conditions to access certain investigational new drug products that have completed a Phase 1 clinical trial. Under certain circumstances, eligible patients can seek treatment without enrolling in clinical trials and without obtaining FDA approval under the FDA expanded access program. There is no obligation for a drug manufacturer to make its drug products available to eligible patients as a result of the Right to Try Act.

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We expect that the Affordable Care Act, these new laws and other healthcare reform measures that may be adopted in the future may result in additional reductions in Medicare and other healthcare funding, more rigorous coverage criteria, new payment methodologies and additional downward pressure on the price that we receive for any approved product. Any reduction in reimbursement from Medicare or other government programs may result in a similar reduction in payments from private payors. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability or commercialize our product candidates, if approved.

***We and any of our third-party manufacturers or suppliers may use potent chemical agents and hazardous materials, and any claims relating to improper handling, storage or disposal of these materials could be time consuming or costly.***

We and any of our third-party manufacturers or suppliers will use biological materials, potent chemical agents and may use hazardous materials, including chemicals and biological agents and compounds that could be dangerous to human health and safety of the environment. Our operations and the operations of our third-party manufacturers and suppliers also produce hazardous waste products. Federal, state and local laws and regulations govern the use, generation, manufacture, storage, handling and disposal of these materials and wastes. Compliance with applicable environmental laws and regulations may be expensive, and current or future environmental laws and regulations may impair our product development efforts. In addition, we cannot eliminate the risk of accidental injury or contamination from these materials or wastes. We do not carry specific biological or hazardous waste insurance coverage, and our property, casualty and general liability insurance policies specifically exclude coverage for damages and fines arising from biological or hazardous waste exposure or contamination. In the event of contamination or injury, we could be held liable for damages or be penalized with fines in an amount exceeding our resources, and our clinical trials or regulatory approvals could be suspended.

Although we maintain workers' compensation insurance for certain costs and expenses we may incur due to injuries to our employees resulting from the use of hazardous materials or other work-related injuries, this insurance may not provide adequate coverage against potential liabilities. We do not maintain insurance for toxic tort claims that may be asserted against us in connection with our storage or disposal of biologic, hazardous or radioactive materials.

In addition, we may incur substantial costs in order to comply with current or future environmental, health and safety laws and regulations, which have tended to become more stringent over time. These current or future laws and regulations may impair our research, development or production efforts. Failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions or liabilities, which could materially adversely affect our business, financial condition, results of operations and prospects.

***If product liability lawsuits are brought against us, we may incur substantial liabilities and may be required to limit commercialization of our products.***

We face an inherent risk of product liability as a result of the clinical trials of our product candidates and will face an even greater risk if we commercialize our product candidates. For example, we may be sued if our product candidates allegedly cause injury or are found to be otherwise unsuitable during product 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 candidate, negligence, strict liability and a breach of warranties. Claims may be brought against us by clinical trial participants, patients or others using, administering or selling products that may be approved in the future. 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 or cease the commercialization of our products. Even a successful defense would

require significant financial and management resources. Regardless of the merits or eventual outcome, liability claims may result in:

- decreased demand for our products;
- injury to our reputation and significant negative media attention;
- withdrawal of clinical trial participants;
- costs to defend the related litigation;
- a diversion of management's time and our resources;
- substantial monetary awards to trial participants or patients;
- product recalls, withdrawals or labeling, marketing or promotional restrictions;
- significant negative financial impact;
- the inability to commercialize our product candidates; and
- a decline in our stock price.

We currently hold approximately \$10 million in product liability insurance coverage in the aggregate. We may need to increase our insurance coverage as we expand our clinical trials or if we commence commercialization of our product candidates. Insurance coverage is increasingly expensive. Our inability to obtain and retain sufficient product liability insurance at an acceptable cost to protect against potential product liability claims could prevent or inhibit the commercialization of our product candidates. 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 will also have various exclusions, and we may be subject to a product liability claim for which we have no coverage. We may 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 and any of our potential future collaborators will be required to report to regulatory authorities if any of our approved products cause or contribute to adverse medical events, and any failure to do so would result in sanctions that would materially harm our business.***

If we and any of our potential future collaborators are successful in commercializing our products, the FDA and foreign regulatory authorities would require that we and any of our potential future collaborators report certain information about adverse medical events if those products may have caused or contributed to those adverse events. The timing of our obligation to report would be triggered by the date we become aware of the adverse event as well as the nature of the event. We and any of our potential future collaborators or CROs may fail to report adverse events within the prescribed timeframe. If we or any of our potential future collaborators or CROs fail to comply with such reporting obligations, the FDA or a foreign regulatory authority could take action, including criminal prosecution, the imposition of civil monetary penalties, seizure of our products or delay in approval or clearance of future products.

***Our internal computer systems, or those of any of our CROs, manufacturers, other contractors or consultants or potential future collaborators, may fail or suffer security breaches, which could result in a material disruption of our product development programs.***

The United States federal and various state and foreign governments have adopted or proposed requirements regarding the collection, distribution, use, security, and storage of personally identifiable information and other data relating to individuals, and federal and state consumer protection laws are being applied to enforce regulations related to the online collection, use, and dissemination of data. Despite the implementation of security measures, our internal computer systems and those of our current and any future CROs and other contractors, consultants and collaborators are vulnerable to damage from computer viruses, cybersecurity threats, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. If such an event were to occur and cause interruptions in our operations or result in the unauthorized disclosure of or access to personally identifiable information or individually identifiable health information (violating certain privacy laws such as GDPR), it could result in a material disruption of our development programs and our business operations, whether due to a loss of our trade secrets or other similar disruptions. Some of the federal, state and foreign government requirements include obligations of companies to notify individuals of security breaches involving particular personally identifiable information, which could result from breaches experienced by us or by our vendors, contractors, or organizations with which we have formed strategic relationships. Even though we may have contractual protections with such vendors, contractors, or other organizations, notifications and follow-up actions related to a security breach could impact our reputation, cause us to incur significant costs, including legal expenses, harm customer confidence, hurt our expansion into new markets, cause us to incur remediation costs, or cause us to lose existing customers. For example, the loss of clinical trial data from completed or future clinical trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. We also rely on third parties to manufacture our product candidates, and similar events relating to their computer systems could also have a material adverse effect on our business. To the extent that any disruption or security breach were to result in a loss of, or damage to, our data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability, the further development and commercialization of our product candidates could be delayed, and we could be subject to significant fines, penalties or liabilities for any noncompliance to certain privacy and security laws.

***Business disruptions could seriously harm our future revenue and financial condition and increase our costs and expenses.***

Our operations could be subject to earthquakes, power shortages, telecommunications failures, water shortages, floods, hurricanes, typhoons, fires, extreme weather conditions, medical epidemics and other natural or manmade disasters or business interruptions, for which we are predominantly self-insured. We rely on third-party manufacturers to produce our product candidates. Our ability to obtain clinical supplies of our product candidates could be disrupted if the operations of these suppliers were affected by a man-made or natural disaster or other business interruption. In addition, our corporate headquarters is located in San Diego, California near major earthquake faults and fire zones, and the ultimate impact on us of being located near major earthquake faults and fire zones and being consolidated in a certain geographical area is unknown. The occurrence of any of these business disruptions could seriously harm our operations and financial condition and increase our costs and expenses.

***Our employees and independent contractors, including principal investigators, CROs, consultants and vendors, may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements.***

We are exposed to the risk that our employees and independent contractors, including principal investigators, CROs, consultants and vendors may engage in misconduct or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities

to us that violate: (1) the laws and regulations of the FDA and other similar regulatory requirements, including those laws that require the reporting of true, complete and accurate information to such authorities, (2) manufacturing standards, including cGMP requirements, (3) federal and state data privacy, security, fraud and abuse and other healthcare laws and regulations in the United States and abroad or (4) laws that require the true, complete and accurate reporting of financial information or data. Activities subject to these laws also involve the improper use or misrepresentation of information obtained in the course of clinical trials, the creation of fraudulent data in our preclinical studies or clinical trials, or illegal misappropriation of drug product, which could result in regulatory sanctions and cause serious harm to our reputation. It is not always possible to identify and deter misconduct by employees and other third parties, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. In addition, we are subject to the risk that a person or government could allege such fraud or other misconduct, even if none occurred. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business and financial results, including, without limitation, the imposition of significant civil, criminal and administrative penalties, damages, monetary fines, disgorgements, possible exclusion from participation in Medicare, Medicaid and other federal healthcare programs, individual imprisonment, contractual damages, reputational harm, diminished profits and future earnings, additional reporting requirements and oversight if we become subject to a corporate integrity agreement or similar agreement to resolve allegations of non-compliance with these laws, and curtailment of our operations, any of which could adversely affect our ability to operate our business and our results of operations.

***We are subject to U.S. and certain foreign export and import controls, sanctions, embargoes, anti-corruption laws and anti-money laundering laws and regulations. Compliance with these legal standards could impair our ability to compete in domestic and international markets. We could face criminal liability and other serious consequences for violations, which could harm our business.***

We are subject to export control and import laws and regulations, including the U.S. Export Administration Regulations, U.S. Customs regulations, and various economic and trade sanctions regulations administered by the U.S. Treasury Department's Office of Foreign Assets Controls, and anti-corruption and anti-money laundering laws and regulations, including the U.S. Foreign Corrupt Practices Act of 1977, as amended, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the USA PATRIOT Act, and other state and national anti-bribery and anti-money laundering laws in the countries in which we conduct activities. Anti-corruption laws are interpreted broadly and prohibit companies and their employees, agents, clinical research organizations, contractors and other collaborators and partners from authorizing, promising, offering, providing, soliciting or receiving, directly or indirectly, improper payments or anything else of value to recipients in the public or private sector. We may engage third parties for clinical trials outside of the United States, to sell our products abroad once we enter a commercialization phase, and/or to obtain necessary permits, licenses, patent registrations and other regulatory approvals. We have direct or indirect interactions with officials and employees of government agencies or government-affiliated hospitals, universities and other organizations. We can be held liable for the corrupt or other illegal activities of our employees, agents, clinical research organizations, contractors and other collaborators and partners, even if we do not explicitly authorize or have actual knowledge of such activities. Any violations of the laws and regulations described above may result in substantial civil and criminal fines and penalties, imprisonment, the loss of export or import privileges, debarment, tax reassessments, breach of contract and fraud litigation, reputational harm and other consequences.

***We may engage in strategic transactions that could impact our liquidity, increase our expenses and present significant distractions to our management.***

From time to time, we may consider strategic transactions, such as acquisitions of companies, asset purchases and out-licensing or in-licensing of intellectual property, products or technologies, similar to our approach in in-licensing and acquiring our current product candidates. Any future transactions could increase our

near and long-term expenditures, result in potentially dilutive issuances of our equity securities, including our common stock, or the incurrence of debt, contingent liabilities, amortization expenses or acquired in-process research and development expenses, any of which could affect our financial condition, liquidity and results of operations. Additional potential transactions that we may consider in the future include a variety of business arrangements, including spin-offs, strategic partnerships, joint ventures, restructurings, divestitures, business combinations and investments. Future acquisitions may also require us to obtain additional financing, which may not be available on favorable terms or at all. These transactions may never be successful and may require significant time and attention of management. In addition, the integration of any business that we may acquire in the future may disrupt our existing business and may be a complex, risky and costly endeavor for which we may never realize the full benefits of the acquisition. Accordingly, although there can be no assurance that we will undertake or successfully complete any additional transactions of the nature described above, any additional transactions that we do complete could have a material adverse effect on our business, results of operations, financial condition and prospects.

### **Risks Related to Our Intellectual Property**

#### ***Our success depends on our ability to protect our intellectual property and our proprietary technologies.***

Our commercial success depends in part on our ability to obtain and maintain patent protection and trade secret protection for our product candidates, proprietary technologies and their uses as well as our ability to operate without infringing upon the proprietary rights of others. If we are unable to protect our intellectual property rights or if our intellectual property rights are inadequate for our technology or our product candidates, our competitive position could be harmed. We generally seek to protect our proprietary position by filing patent applications in the United States and abroad related to our product candidates, proprietary technologies and their uses that are important to our business. Our patent applications cannot be enforced against third parties practicing the technology claimed in such applications unless, and until, patents issue from such applications, and then only to the extent the issued claims cover the technology. There can be no assurance that our patent applications will result in patents being issued or that issued patents will afford sufficient protection against competitors with similar technology, nor can there be any assurance that the patents if issued will not be infringed, designed around or invalidated by third parties. Even issued patents may later be found invalid or unenforceable or may be modified or revoked in proceedings instituted by third parties before various patent offices or in courts. The degree of future protection for our proprietary rights is uncertain. Only limited protection may be available and may not adequately protect our rights or permit us to gain or keep any competitive advantage. These uncertainties and/or limitations in our ability to properly protect the intellectual property rights relating to our product candidates could have a material adverse effect on our financial condition and results of operations.

Although we own issued patents in the United States and foreign countries, we cannot be certain that the claims in our other U.S. pending patent applications, corresponding international patent applications and patent applications in certain foreign countries will be considered patentable by the United States Patent and Trademark Office, or USPTO, courts in the United States or by the patent offices and courts in foreign countries, nor can we be certain that the claims in our issued patents will not be found invalid or unenforceable if challenged.

The patent application process is subject to numerous risks and uncertainties, and there can be no assurance that we or any of our potential future collaborators will be successful in protecting our product candidates by obtaining and defending patents. These risks and uncertainties include the following:

- the USPTO and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other provisions during the patent process, the noncompliance with which can result in abandonment or lapse of a patent or patent application, and partial or complete loss of patent rights in the relevant jurisdiction;
- patent applications may not result in any patents being issued;



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- patents may be challenged, invalidated, modified, revoked, circumvented, found to be unenforceable or otherwise may not provide any competitive advantage;
- our competitors, many of whom have substantially greater resources than we do and many of whom have made significant investments in competing technologies, may seek or may have already obtained patents that will limit, interfere with or block our ability to make, use and sell our product candidates;
- there may be significant pressure on the U.S. government and international governmental bodies to limit the scope of patent protection both inside and outside the United States for disease treatments that prove successful, as a matter of public policy regarding worldwide health concerns; and
- countries other than the United States may have patent laws less favorable to patentees than those upheld by U.S. courts, allowing foreign competitors a better opportunity to create, develop and market competing products.

The patent prosecution process is also expensive and time consuming, and we may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner or in all jurisdictions where protection may be commercially advantageous. It is also possible that we will fail to identify patentable aspects of our research and development output before it is too late to obtain patent protection. Moreover, in some circumstances, we do not have the right to control the preparation, filing and prosecution of patent applications, or to maintain the patents, directed to technology that we license from third parties. We may also require the cooperation of our licensor in order to enforce the licensed patent rights, and such cooperation may not be provided. Therefore, these patents and applications may not be prosecuted and enforced in a manner consistent with the best interests of our business. We cannot be certain that patent prosecution and maintenance activities by our licensors have been or will be conducted in compliance with applicable laws and regulations, which may affect the validity and enforceability of such patents or any patents that may issue from such applications. If they fail to do so, this could cause us to lose rights in any applicable intellectual property that we in-license, and as a result our ability to develop and commercialize products or product candidates may be adversely affected and we may be unable to prevent competitors from making, using and selling competing products.

In addition, although we enter into non-disclosure and confidentiality agreements with parties who have access to patentable aspects of our research and development output, such as our employees, outside scientific collaborators, CROs, third-party manufacturers, consultants, advisors and other third parties, any of these parties may breach such agreements and disclose such output before a patent application is filed, thereby jeopardizing our ability to seek patent protection.

***If we fail to comply with our obligations in the agreements under which we license intellectual property rights from third parties, including our GB002 and GB004, or otherwise experience disruptions to our business relationships with our licensors, we could lose license rights that are important to our business. Additionally, several of our license agreements include sublicenses from a third party, including for GB002 and GB004, and we must rely on the direct licensor's compliance with its obligations under its original license agreement.***

We are a party to a number of license agreements under which we are granted rights to intellectual property that are important to our business and we may enter into additional license agreements in the future. For example, in October 2017, we entered into an exclusive license agreement with Pulmokine, Inc. to obtain an exclusive license to certain intellectual property rights to develop and commercialize GB002. In June 2018, we entered into an exclusive license agreement with Aerpio Pharmaceuticals, Inc., or Aerpio, to obtain an exclusive license to certain intellectual property rights to develop, manufacture and commercialize GB004.

These and our other existing license agreements impose, and we expect that any future license agreements where we in-license intellectual property, will impose on us, various development, regulatory and/or commercial diligence obligations, payment of milestones and/or royalties and other obligations. If we fail to

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comply with our obligations under these agreements, or we are subject to bankruptcy-related proceedings, the licensor may have the right to terminate the license, in which event we would not be able to market products covered by the license. Additionally, several of our existing license agreements include sublicenses from a third party who is not the original licensor of the intellectual property at issue, including for GB002 and GB004. Under these agreements, we must rely on our direct licensor to comply with its obligations under the primary license agreements under which such licensor obtained rights in the applicable intellectual property, where we may have no relationship with the original licensor of such rights. If our licensors fail to comply with their obligations under these upstream license agreements, the original third-party licensor may have the right to terminate the original license, which may terminate our sublicense. If this were to occur, we would no longer have rights to the applicable intellectual property unless we are able to secure our own direct license with the owner of the relevant rights, which we may not be able to do on reasonable terms, or at all, which may impact our ability to continue to develop and commercialize our product candidates incorporating the relevant intellectual property.

We may need to obtain licenses from third parties to advance our research or allow commercialization of our product candidates, and we cannot provide any assurances that third-party patents do not exist which might be enforced against our product candidates in the absence of such a license. We may fail to obtain any of these licenses on commercially reasonable terms, if at all. Even if we are able to obtain a license, it may be non-exclusive, thereby giving our competitors access to the same technologies licensed to us. In that event, we may be required to expend significant time and resources to develop or license replacement technology. If we are unable to do so, we may be unable to develop or commercialize the affected product candidates, which could materially harm our business and the third parties owning such intellectual property rights could seek either an injunction prohibiting our sales, or, with respect to our sales, an obligation on our part to pay royalties and/or other forms of compensation. Licensing of intellectual property is of critical importance to our business and involves complex legal, business and scientific issues. Disputes may arise between us and our licensors regarding intellectual property subject to a license agreement, including:

- the scope of rights granted under the license agreement and other interpretation-related issues;
- whether and the extent to which our technology and processes infringe on intellectual property of the licensor that is not subject to the licensing agreement;
- our right to sublicense patents and other rights to third parties;
- our diligence obligations with respect to the use of the licensed technology in relation to our development and commercialization of our product candidates, and what activities satisfy those diligence obligations;
- our right to transfer or assign the license; and
- the ownership of inventions and know-how resulting from the joint creation or use of intellectual property by our licensors and us and our partners.

If disputes over intellectual property that we have licensed prevent or impair our ability to maintain our current licensing arrangements on acceptable terms, we may not be able to successfully develop and commercialize the affected product candidates, which would have a material adverse effect on our business.

In addition, certain of our agreements may limit or delay our ability to consummate certain transactions, may impact the value of those transactions, or may limit our ability to pursue certain activities. For example, if we choose to sublicense or assign to any third parties our rights under our existing license agreements with Aerpio or Pulmokine with respect to any licensed product, we may be required to pay to Pulmokine or Aerpio, as applicable, a specified percentage of all revenue to be received in connection with such transaction.

***If the scope of any patent protection we obtain is not sufficiently broad, or if we lose any of our patent protection, our ability to prevent our competitors from commercializing similar or identical product candidates would be adversely affected.***

The patent position of biopharmaceutical companies generally is highly uncertain, involves complex legal and factual questions, and has been the subject of much litigation in recent years. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain. Our pending and future patent applications may not result in patents being issued which protect our product candidates or which effectively prevent others from commercializing competitive product candidates.

Moreover, the coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance. Even if patent applications we own currently or in the future issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors or other third parties from competing with us, or otherwise provide us with any competitive advantage. Any patents that we own may be challenged or circumvented by third parties or may be narrowed or invalidated as a result of challenges by third parties. Consequently, we do not know whether our product candidates will be protectable or remain protected by valid and enforceable patents. Our competitors or other third parties may be able to circumvent our patents by developing similar or alternative technologies or products in a non-infringing manner which could materially adversely affect our business, financial condition, results of operations and prospects.

The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, and our patents may not cover our product candidates or may be challenged in the courts or patent offices in the United States and abroad. We may be subject to a third party pre-issuance submission of prior art to the USPTO, or become involved in opposition, derivation, revocation, reexamination, post-grant review, or PGR, and *inter partes* review, or IPR, or other similar proceedings in the USPTO or foreign patent offices challenging our patent rights. The outcome following legal assertions of invalidity and unenforceability is unpredictable. With respect to the validity question, for example, we cannot be certain that there is no invalidating prior art, of which we or our predecessors and the patent examiner were unaware during prosecution. There is no assurance that all potentially relevant prior art relating to our patents and patent applications or those of our licensors has been found. There is also no assurance that there is not prior art of which we, our predecessors or licensors are aware, but which we do not believe affects the validity or enforceability of a claim in our patents and patent applications or those of our licensors, which may, nonetheless, ultimately be found to affect the validity or enforceability of a claim. An adverse determination in any such submission, proceeding or litigation could reduce the scope of, or invalidate or render unenforceable, our patent rights, allow third parties to commercialize our product candidates and compete directly with us, without payment to us. Such loss of patent rights, loss of exclusivity or in patent claims being narrowed, invalidated or held unenforceable could limit our ability to stop others from using or commercializing similar or identical technology and products, or limit the duration of the patent protection of our product candidates. Such proceedings also may result in substantial cost and require significant time from our scientists and management, even if the eventual outcome is favorable to us. In addition, if the breadth or strength of protection provided by our patents and patent applications is threatened, regardless of the outcome, it could dissuade companies from collaborating with us to license, develop or commercialize current or future product candidates.

***The patent protection and patent prosecution for some of our product candidates may be dependent on third parties.***

We or our licensors may fail to identify patentable aspects of inventions made in the course of development and commercialization activities before it is too late to obtain patent protection on them. Therefore, we may miss potential opportunities to strengthen our patent position. It is possible that defects of form in the preparation or filing of our patents or patent applications may exist, or may arise in the future, for example with respect to proper priority claims, inventorship, claim scope, or requests for patent term adjustments. If we or our

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licensors, whether current or future, fail to establish, maintain or protect such patents and other intellectual property rights, such rights may be reduced or eliminated. If our licensors are not fully cooperative or disagree with us as to the prosecution, maintenance or enforcement of any patent rights, such patent rights could be compromised. If there are material defects in the form, preparation, prosecution, or enforcement of our patents or patent applications, such patents may be invalid and/or unenforceable, and such applications may never result in valid, enforceable patents. Any of these outcomes could impair our ability to prevent competition from third parties, which may have an adverse impact on our business.

As a licensee of third parties, we rely on third parties to file and prosecute patent applications and maintain patents and otherwise protect the licensed intellectual property under some of our license agreements. We have not had and do not have primary control over these activities for certain of our patents or patent applications and other intellectual property rights. We cannot be certain that such activities by third parties have been or will be conducted in compliance with applicable laws and regulations or will result in valid and enforceable patents or other intellectual property rights. Pursuant to the terms of the license agreements with some of our licensors, the licensors may have the right to control enforcement of our licensed patents or defense of any claims asserting the invalidity of these patents and even if we are permitted to pursue such enforcement or defense, we will require the cooperation of our licensors. We cannot be certain that our licensors will allocate sufficient resources or prioritize their or our enforcement of such patents or defense of such claims to protect our interests in the licensed patents. Even if we are not a party to these legal actions, an adverse outcome could harm our business because it might prevent us from continuing to license intellectual property that we may need to operate our business. If any of our licensors or any of our future licensors or future collaborators fail to appropriately prosecute and maintain patent protection for patents covering any of our product candidates, our ability to develop and commercialize those product candidates may be adversely affected and we may not be able to prevent competitors from making, using and selling competing products.

In addition, even where we have the right to control patent prosecution of patents and patent applications we have acquired or licensed from third parties, we may still be adversely affected or prejudiced by actions or inactions of our predecessors or licensors and their counsel that took place prior to us assuming control over patent prosecution.

Our technology acquired or licensed from various third parties may be subject to retained rights. Our predecessors or licensors often retain certain rights under their agreements with us, including the right to use the underlying technology for noncommercial academic and research use, to publish general scientific findings from research related to the technology, and to make customary scientific and scholarly disclosures of information relating to the technology. It is difficult to monitor whether our predecessors or licensors limit their use of the technology to these uses, and we could incur substantial expenses to enforce our rights to our licensed technology in the event of misuse.

If we are limited in our ability to utilize acquired or licensed technologies, or if we lose our rights to critical in-licensed technology, we may be unable to successfully develop, out-license, market and sell our products, which could prevent or delay new product introductions. Our business strategy depends on the successful development of licensed and acquired technologies into commercial products. Therefore, any limitations on our ability to utilize these technologies may impair our ability to develop, out-license or market and sell our product candidate.

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

Some of the intellectual property rights we have acquired or licensed or may acquire or license in the future may have been generated through the use of U.S. government funding and may therefore be subject to

certain federal regulations. For example, some of the research and development work on GB002 was funded by government research grants. As a result, the U.S. government may have certain rights to intellectual property embodied in our product candidates pursuant to the Bayh-Dole Act of 1980, or Bayh-Dole Act. These U.S. government rights include a non-exclusive, non-transferable, irrevocable worldwide license to use inventions for any governmental purpose. In addition, the U.S. government has the right, under certain limited circumstances, to require us to grant exclusive, partially exclusive, or non-exclusive licenses to any of these inventions to a third party if it determines that: (i) adequate steps have not been taken to commercialize the invention; (ii) government action is necessary to meet public health or safety needs; or (iii) government action is necessary to meet requirements for public use under federal regulations (also referred to as “march-in rights”). The U.S. government also has the right to take title to these inventions if the grant recipient fails to disclose the invention to the government or fails to file an application to register the intellectual property within specified time limits. Intellectual property generated under a government funded program is also subject to certain reporting requirements, compliance with which may require us to expend substantial resources. In addition, the U.S. government requires that any products embodying any of these inventions or produced through the use of any of these inventions be manufactured substantially in the United States. This preference for U.S. industry may be waived by the federal agency that provided the funding if the owner or assignee of the intellectual property can show that reasonable but unsuccessful efforts have been made to grant licenses on similar terms to potential licensees that would be likely to manufacture substantially in the United States or that under the circumstances domestic manufacture is not commercially feasible. This preference for U.S. industry may limit our ability to contract with non-U.S. product manufacturers for products covered by such intellectual property. To the extent any of our future intellectual property is also generated through the use of U.S. government funding, the provisions of the Bayh-Dole Act may similarly apply.

***Intellectual property rights do not necessarily address all potential threats to our competitive advantage.***

The degree of future protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations, and may not adequately protect our business or permit us to maintain our competitive advantage. For example:

- others may be able to develop products that are similar to our product candidates but that are not covered by the claims of the patents that we own or license;
- we or our licensors or predecessors might not have been the first to make the inventions covered by the issued patents or patent application that we own or license;
- we or our licensors or predecessors might not have been the first to file patent applications covering certain of our inventions;
- others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing our intellectual property rights;
- it is possible that our pending patent applications will not lead to issued patents;
- issued patents that we own or license may be held invalid or unenforceable, as a result of legal challenges by our competitors;
- our competitors might conduct research and development activities in countries where we do not have patent rights and then use the information learned from such activities to develop competitive products for sale in our major commercial markets;
- we may not develop additional proprietary technologies that are patentable; and
- the patents of others may have an adverse effect on our business.

Should any of these events occur, it could significantly harm our business, results of operations and prospects.

***Our commercial success depends significantly on our ability to operate without infringing the patents and other proprietary rights of third parties. Claims by third parties that we infringe their proprietary rights may result in liability for damages or prevent or delay our developmental and commercialization efforts.***

Our commercial success depends in part on avoiding infringement of the patents and proprietary rights of third parties. However, our research, development and commercialization activities may be subject to claims that we infringe or otherwise violate patents or other intellectual property rights owned or controlled by third parties. Other entities may have or obtain patents or proprietary rights that could limit our ability to make, use, sell, offer for sale or import our product candidates and products that may be approved in the future, or impair our competitive position. There is a substantial amount of litigation, both within and outside the United States, involving patent and other intellectual property rights in the biopharmaceutical industry, including patent infringement lawsuits, oppositions, reexaminations, IPR proceedings and PGR proceedings before the USPTO and/or foreign patent offices. Numerous third-party U.S. and foreign issued patents and pending patent applications exist in the fields in which we are developing product candidates. There may be third-party patents or patent applications with claims to materials, formulations, methods of manufacture or methods for treatment related to the use or manufacture of our product candidates.

As the biopharmaceutical industry expands and more patents are issued, the risk increases that our product candidates may be subject to claims of infringement of the patent rights of third parties. Because patent applications are maintained as confidential for a certain period of time, until the relevant application is published we may be unaware of third-party patents that may be infringed by commercialization of any of our product candidates, and we cannot be certain that we were the first to file a patent application related to a product candidate or technology. Moreover, because patent applications can take many years to issue, there may be currently-pending patent applications that may later result in issued patents that our product candidates may infringe. In addition, identification of third-party patent rights that may be relevant to our technology is difficult because patent searching is imperfect due to differences in terminology among patents, incomplete databases and the difficulty in assessing the meaning of patent claims. In addition, third parties may obtain patents in the future and claim that use of our technologies infringes upon these patents. Any claims of patent infringement asserted by third parties would be time consuming and could:

- result in costly litigation that may cause negative publicity;
- divert the time and attention of our technical personnel and management;
- cause development delays;
- prevent us from commercializing any of our product candidates until the asserted patent expires or is held finally invalid or not infringed in a court of law;
- require us to develop non-infringing technology, which may not be possible on a cost-effective basis;
- subject us to significant liability to third parties; or
- require us to enter into royalty or licensing agreements, which may not be available on commercially reasonable terms, or at all, or which might be non-exclusive, which could result in our competitors gaining access to the same technology.

Although no third party has asserted a claim of patent infringement against us as of the date of this prospectus, others may hold proprietary rights that could prevent our product candidates from being marketed.

Any patent-related legal action against us claiming damages and seeking to enjoin activities relating to our product candidates or processes could subject us to potential liability for damages, including treble damages if we were determined to willfully infringe, and require us to obtain a license to manufacture or develop our product candidates. Defense of these claims, regardless of their merit, would involve substantial litigation expense and would be a substantial diversion of employee resources from our business. We cannot predict whether we would prevail in any such actions or that any license required under any of these patents would be made available on commercially acceptable terms, if at all. Moreover, even if we or our future strategic partners were able to obtain a license, the rights may be nonexclusive, which could result in our competitors gaining access to the same intellectual property. In addition, we cannot be certain that we could redesign our product candidates or processes to avoid infringement, if necessary. Accordingly, an adverse determination in a judicial or administrative proceeding, or the failure to obtain necessary licenses, could prevent us from developing and commercializing our product candidates, which could harm our business, financial condition and operating results.

Parties making claims against us may be able to sustain the costs of complex patent litigation more effectively than we can because they have substantially greater resources. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation or administrative proceedings, there is a risk that some of our confidential information could be compromised by disclosure. In addition, any uncertainties resulting from the initiation and continuation of any litigation could have a material adverse effect on our ability to raise additional funds or otherwise have a material adverse effect on our business, results of operations, financial condition and prospects.

***We may be involved in lawsuits to protect or enforce our patents or the patents of our licensors, which could be expensive, time consuming and unsuccessful. Further, our issued patents could be found invalid or unenforceable if challenged in court.***

Competitors may infringe our intellectual property rights or those of our licensors. To prevent infringement or unauthorized use, we and/or our licensors may be required to file infringement claims, which can be expensive and time consuming. In addition, in a patent infringement proceeding, a court may decide that a patent we own or license is not valid, is unenforceable and/or is not infringed. If we or any of our licensors or potential future collaborators were to initiate legal proceedings against a third party to enforce a patent directed at one of our product candidates, the defendant could counterclaim that our patent is invalid and/or unenforceable in whole or in part. In patent litigation, defendant counterclaims alleging invalidity and/or unenforceability are commonplace. Grounds for a validity challenge include an alleged failure to meet any of several statutory requirements, including lack of novelty, obviousness, written description or non-enablement. Grounds for an unenforceability assertion could include an allegation that someone connected with prosecution of the patent withheld relevant information from the USPTO or made a misleading statement during prosecution.

If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, we would lose at least part, and perhaps all, of the patent protection on such product candidate. In addition, if the breadth or strength of protection provided by our patents and patent applications or those of our licensors is threatened, it could dissuade companies from collaborating with us to license, develop or commercialize current or future product candidates. Such a loss of patent protection would have a material adverse impact on our business.

Even if resolved in our favor, litigation or other legal proceedings relating to our intellectual property rights may cause us to incur significant expenses, and could distract our technical and management personnel from their normal responsibilities. Such litigation or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing or distribution activities. We may not have sufficient financial or other resources to conduct such litigation or proceedings adequately. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their greater financial resources. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could compromise our ability to compete in the marketplace.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation or other legal proceedings relating to our intellectual property rights, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation or other proceedings.

***Intellectual property litigation may lead to unfavorable publicity that harms our reputation and causes the market price of our common shares to decline.***

During the course of any intellectual property litigation, there could be public announcements of the initiation of the litigation as well as results of hearings, rulings on motions, and other interim proceedings in the litigation. If securities analysts or investors regard these announcements as negative, the perceived value of our existing products, programs or intellectual property could be diminished. Accordingly, the market price of shares of our common stock may decline. Such announcements could also harm our reputation or the market for our future products, which could have a material adverse effect on our business.

***Derivation or interference proceedings may be necessary to determine priority of inventions, and an unfavorable outcome may require us to cease using the related technology or to attempt to license rights from the prevailing party.***

Derivation or interference proceedings provoked by third parties or brought by us or declared by the USPTO or similar proceedings in foreign patent offices may be necessary to determine the priority of inventions with respect to our patents or patent applications. An unfavorable outcome could require us to cease using the related technology or to attempt to license rights to it from the prevailing party. Our business could be harmed if the prevailing party does not offer us a license on commercially reasonable terms. Our defense of such proceedings may fail and, even if successful, may result in substantial costs and distract our management and other employees. In addition, the uncertainties associated with such proceedings could have a material adverse effect on our ability to raise the funds necessary to continue our clinical trials, continue our research programs, license necessary technology from third parties or enter into development or manufacturing partnerships that would help us bring our product candidates to market.

***Recent patent reform legislation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents.***

On September 16, 2011, the Leahy-Smith America Invents Act, or Leahy-Smith Act, was signed into law. The Leahy-Smith Act includes a number of significant changes to U.S. patent law. These include provisions that affect the way patent applications will be prosecuted and may also affect patent litigation. In particular, under the Leahy-Smith Act, the United States transitioned in March 2013 to a “first inventor to file” system in which, assuming that other requirements of patentability are met, the first inventor to file a patent application will be entitled to the patent regardless of whether a third party was first to invent the claimed invention. A third party that files a patent application in the USPTO after March 2013 but before us could therefore be awarded a patent covering an invention of ours even if we had made the invention before it was made by such third party. This will require us to be cognizant going forward of the time from invention to filing of a patent application. Furthermore, our ability to obtain and maintain valid and enforceable patents depends on whether the differences between our technology and the prior art allow our technology to be patentable over the prior art. Since patent applications in the United States and most other countries are confidential for a period of time after filing or until issuance, we cannot be certain that we were the first to either (1) file any patent application related to our product candidates or (2) invent any of the inventions claimed in our patents or patent applications.

The Leahy-Smith Act also includes a number of significant changes that affect the way patent applications will be prosecuted and also may affect patent litigation. These include allowing third-party submission of prior art to the USPTO during patent prosecution and additional procedures to attack the validity of a patent by USPTO administered post-grant proceedings, including PGR, IPR, and derivation proceedings. An



adverse determination in any such submission or proceeding could reduce the scope or enforceability of, or invalidate, our patent rights, which could adversely affect our competitive position.

Because of a lower evidentiary standard in USPTO proceedings compared to the evidentiary standard in United States federal courts necessary to invalidate a patent claim, a third party could potentially provide evidence in a USPTO proceeding sufficient for the USPTO to hold a claim invalid even though the same evidence would be insufficient to invalidate the claim if first presented in a district court action. Accordingly, a third party may attempt to use the USPTO procedures to invalidate our patent claims that would not have been invalidated if first challenged by the third party as a defendant in a district court action. Thus, the Leahy-Smith Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents, all of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

***Changes in U.S. patent law, or laws in other countries, could diminish the value of patents in general, thereby impairing our ability to protect our product candidates.***

As is the case with other biopharmaceutical companies, our success is heavily dependent on intellectual property, particularly patents. Obtaining and enforcing patents in the biopharmaceutical industry involve a high degree of technological and legal complexity. Therefore, obtaining and enforcing biopharmaceutical patents is costly, time consuming and inherently uncertain. Changes in either the patent laws or in the interpretations of patent laws in the United States and other countries may diminish the value of our intellectual property and may increase the uncertainties and costs surrounding the prosecution of patent applications and the enforcement or defense of issued patents. We cannot predict the breadth of claims that may be allowed or enforced in our patents or in third-party patents. In addition, Congress or other foreign legislative bodies may pass patent reform legislation that is unfavorable to us.

For example, the U.S. Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. In addition to increasing uncertainty with regard to our ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents, once obtained. Depending on decisions by the U.S. Congress, the U.S. federal courts, the USPTO, or similar authorities in foreign jurisdictions, the laws and regulations governing patents could change in unpredictable ways that would weaken our ability to obtain new patents or to enforce our existing patents and patents we might obtain in the future.

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

We may also be subject to claims that former employees or other third parties have an ownership interest in our patents or other intellectual property. Litigation may be necessary to defend against these and other claims challenging inventorship or ownership. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Such an outcome could have a material adverse effect on our business. Even if we are successful in defending against such claims, litigation could result in substantial costs and distraction to management and other employees.

***Patent terms may be inadequate to protect our competitive position on our product candidates for an adequate amount of time.***

Patents have a limited lifespan. In the United States, if all maintenance fees are timely paid, the natural expiration of a patent is generally 20 years from its earliest U.S. non-provisional filing date. Various extensions may be available, but the life of a patent, and the protection it affords, is limited. Even if patents covering our product candidates are obtained, once the patent life has expired, we may be open to competition from competitive products. Given the amount of time required for the development, testing and regulatory review of

product candidates, patents protecting our product candidates might expire before or shortly after such candidates are commercialized. As a result, our patent portfolio may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours.

***If we do not obtain patent term extension for our product candidates, our business may be materially harmed.***

Depending upon the timing, duration and specifics of FDA marketing approval of our product candidates, one or more of our U.S. patents may be eligible for limited patent term restoration under the Drug Price Competition and Patent Term Restoration Act of 1984, or the Hatch-Waxman Amendments. The Hatch- Waxman Amendments permit a patent restoration term of up to five years as compensation for patent term lost during product development and the FDA regulatory review process. A maximum of one patent may be extended per FDA approved product as compensation for the patent term lost during the FDA regulatory review process. A patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval and only those claims covering such approved drug product, a method for using it or a method for manufacturing it may be extended. Patent term extension may also be available in certain foreign countries upon regulatory approval of our product candidates. However, we may not be granted an extension because of, for example, 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 restoration or the term of any such extension is less than we request, our competitors may obtain approval of competing products following our patent expiration, and our revenue could be reduced, possibly materially. Further, if this occurs, our competitors may take advantage of our investment in development and trials by referencing our clinical and preclinical data and launch their product earlier than might otherwise be the case.

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

Although we have issued patents pending patent applications in the United States and certain other countries, filing, prosecuting and defending patents in all countries throughout the world would be prohibitively expensive, and our intellectual property rights in some countries outside the United States can be less extensive than those in the United States. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as federal and state laws in the United States. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries outside the United States or from selling or importing products made using our inventions in and into the United States or other jurisdictions. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and, further, may export otherwise infringing products to territories where we have patent protection but enforcement is not as strong as that in the United States. These products may compete with our product candidates, and our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of many foreign countries do not favor the enforcement of patents and other intellectual property protection, which could make it difficult for us to stop the infringement of our patents or marketing of competing products in violation of our proprietary rights. Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

Many countries have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In addition, many countries limit the enforceability of patents against government

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

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

Periodic maintenance fees, renewal fees, annuity fees and various other governmental fees on patents and/or applications will be due to the USPTO and various foreign patent offices at various points over the lifetime of our patents and/or applications. We have systems in place to remind us to pay these fees, and we rely on third parties to pay these fees when due. Additionally, the USPTO and various foreign patent offices require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process. We employ reputable law firms and other professionals to help us comply, and in many cases, an inadvertent lapse can be cured by payment of a late fee or by other means in accordance with rules applicable to the particular jurisdiction. However, there are situations in which noncompliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. If such an event were to occur, it could have a material adverse effect on our business.

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

In addition, we rely on the protection of our trade secrets, including unpatented know-how, technology and other proprietary information to maintain our competitive position. Although we have taken steps to protect our trade secrets and unpatented know-how, including entering into confidentiality agreements with third parties, and confidential information and inventions agreements with employees, consultants and advisors, we cannot provide any assurances that all such agreements have been duly executed, and any of these parties may breach the agreements and disclose our proprietary information, including our trade secrets, and we may not be able to obtain adequate remedies for such breaches. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive and time consuming, and the outcome is unpredictable. In addition, some courts inside and outside the United States are less willing or unwilling to protect trade secrets.

Moreover, third parties may still obtain this information or may come upon this or similar information independently, and we would have no right to prevent them from using that technology or information to compete with us. If any of these events occurs or if we otherwise lose protection for our trade secrets, the value of this information may be greatly reduced and our competitive position would be harmed. If we do not apply for patent protection prior to such publication or if we cannot otherwise maintain the confidentiality of our proprietary technology and other confidential information, then our ability to obtain patent protection or to protect our trade secret information may be jeopardized.

***We may be subject to claims that we have wrongfully hired an employee from a competitor or that we or our employees have wrongfully used or disclosed alleged confidential information or trade secrets of their former employers.***

As is common in the biopharmaceutical industry, in addition to our employees, we engage the services of consultants to assist us in the development of our product candidates. Many of these consultants, and many of our employees, were previously employed at, or may have previously provided or may be currently providing consulting services to, other biopharmaceutical companies including our competitors or potential competitors. We may become subject to claims that we, our employees or a consultant inadvertently or otherwise used or disclosed trade secrets or other information proprietary to their former employers or their former or current clients. Litigation may be necessary to defend against these claims. If we fail in defending any such claims, in

addition to paying monetary damages, we may lose valuable intellectual property rights or personnel, which could adversely affect our business. Even if we are successful in defending against these claims, litigation could result in substantial costs and be a distraction to our management team and other employees.

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

***An active, liquid and orderly market for our common stock may not develop, and you may not be able to resell your common stock at or above the public offering price.***

Prior to this offering, there has been no public market for our common stock. Although we expect to list our common stock on the Nasdaq Global Select Market, or Nasdaq, an active trading market for our common stock may never develop or be sustained following this offering. We and the representatives of the underwriters will determine the initial public offering price of our common stock through negotiation. This price will not necessarily reflect the price at which investors in the market will be willing to buy and sell our shares following this offering. In addition, an active trading market may not develop following the consummation of this offering or, if it is developed, may not be sustained. The lack of an active market may impair your ability to sell your shares at the time you wish to sell them or at a price that you consider reasonable. An inactive market may also impair our ability to raise capital by selling shares and may impair our ability to acquire other businesses or technologies using our shares as consideration, which, in turn, could materially adversely affect our business.

***The trading price of the shares of our common stock could be highly volatile, and purchasers of our common stock could incur substantial losses.***

Our stock price is likely to be volatile. The stock market in general and the market for stock of biopharmaceutical companies in particular have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. As a result of this volatility, investors may not be able to sell their common stock at or above the initial public offering price. The market price for our common stock may be influenced by those factors discussed in this “Risk Factors” section and many others, including:

- our ability to enroll subjects in our ongoing and planned clinical trials;
- results of our clinical trials and preclinical studies, and the results of trials of our competitors or those of other companies in our market sector;
- regulatory approval of our product candidates, or limitations to specific label indications or patient populations for its use, or changes or delays in the regulatory review process;
- regulatory developments in the United States and foreign countries;
- changes in the structure of healthcare payment systems, especially in light of current reforms to the U.S. healthcare system;
- the success or failure of our efforts to acquire, license or develop additional product candidates;
- innovations or new products developed by us or our competitors;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments;
- manufacturing, supply or distribution delays or shortages;
- any changes to our relationship with any manufacturers, suppliers, licensors, future collaborators or other strategic partners;

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- achievement of expected product sales and profitability;
- variations in our financial results or those of companies that are perceived to be similar to us;
- market conditions in the biopharmaceutical sector and issuance of securities analysts' reports or recommendations;
- trading volume of our common stock;
- an inability to obtain additional funding;
- sales of our stock by insiders and stockholders;
- general economic, industry and market conditions other events or factors, many of which are beyond our control;
- additions or departures of key personnel; and
- intellectual property, product liability or other litigation against us.

In addition, in the past, stockholders have initiated class action lawsuits against biopharmaceutical companies following periods of volatility in the market prices of these companies' stock. Such litigation, if instituted against us, could cause us to incur substantial costs and divert management's attention and resources, which could have a material adverse effect on our business, financial condition and results of operations.

### ***Our failure to meet the continued listing requirements of the Nasdaq could result in a delisting of our common stock.***

If, after listing, we fail to satisfy the continued listing requirements of the Nasdaq, such as the corporate governance requirements or the minimum closing bid price requirement, Nasdaq may take steps to delist our common stock. Such a delisting would likely have a negative effect on the price of our common stock and would impair your ability to sell or purchase our common stock when you wish to do so. In the event of a delisting, we can provide no assurance that any action taken by us to restore compliance with listing requirements would allow our common stock to become listed again, stabilize the market price or improve the liquidity of our common stock, prevent our common stock from dropping below the Nasdaq minimum bid price requirement or prevent future non-compliance with Nasdaq's listing requirements.

### ***We may allocate the net proceeds from this offering in ways that you and other stockholders may not approve.***

Our management will have broad discretion in the application of the net proceeds from this offering, including for any of the purposes described in the section titled "Use of Proceeds." Because of the number and variability of factors that will determine our use of the net proceeds from this offering, their ultimate use may vary substantially from their currently intended use. Our management might not apply our net proceeds in ways that ultimately increase the value of your investment, and the failure by our management to apply these funds effectively could harm our business. Pending their use, we may invest the net proceeds from this offering in short- and intermediate-term, interest-bearing obligations, investment-grade instruments, certificates of deposit or direct or guaranteed obligations of the U.S. government. These investments may not yield a favorable return to our stockholders. If we do not invest or apply the net proceeds from this offering in ways that enhance stockholder value, we may fail to achieve expected results, which could cause our stock price to decline.

***You will suffer immediate and substantial dilution in the net tangible book value of the common stock you purchase.***

The initial public offering price of our common stock is substantially higher than the pro forma as adjusted net tangible book value per share of our outstanding common stock immediately after the completion of this offering. Purchasers of common stock in this offering will experience immediate dilution of approximately \$            per share, assuming an initial public offering price of \$            per share, the midpoint of the price range set forth on the cover of this prospectus. In the past, we issued options to acquire common stock at prices significantly below the initial public offering price. To the extent these outstanding options are ultimately exercised, investors purchasing common stock in this offering will sustain further dilution. For a further description of the dilution that you will experience immediately after this offering, see “Dilution.”

***After this offering, our executive officers, directors and principal stockholders, if they choose to act together, will continue to have the ability to control or significantly influence all matters submitted to stockholders for approval. Furthermore, many of our current directors were appointed by our principal stockholders, and one such principal stockholder, HH Goss Holdings LLC, has the right to designate one member to our board of directors and have such member appointed to any board committee that it requests effective as of the closing of this offering.***

Following the completion of this offering, our executive officers, directors and greater than 5% stockholders, in the aggregate, will own approximately        % of our outstanding common stock (assuming no exercise of the underwriters’ option to purchase additional shares and no exercise of outstanding options). Furthermore, many of our current directors were appointed by our principal stockholders, and one such principal stockholder, HH Goss Holdings LLC, subject to certain conditions, has the right to designate one member to our board of directors and have such member appointed to any board committee that it requests effective as of the closing of this offering. See “Certain Relationships and Related Person Transactions—Board Designation Agreement with Hillhouse.” As a result, such persons or their appointees to our board of directors, acting together, will have the ability to control or significantly influence all matters submitted to our board of directors or stockholders for approval, including the appointment of our management, the election and removal of directors and approval of any significant transaction, as well as our management and business affairs. This concentration of ownership may have the effect of delaying, deferring or preventing a change in control, impeding a merger, consolidation, takeover or other business combination involving us, or discouraging a potential acquiror from making a tender offer or otherwise attempting to obtain control of our business, even if such a transaction would benefit other stockholders.

***We do not currently intend to pay dividends on our common stock, and, consequently, your ability to achieve a return on your investment will depend on appreciation, if any, in the price of our common 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. In addition, the terms of any future debt agreements may preclude us from paying dividends. Any return to stockholders will therefore be limited to the appreciation of their stock. There is no guarantee that shares of our common stock will appreciate in value or even maintain the price at which stockholders have purchased their shares.

***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.***

Sales of a substantial number of shares of our common stock in the public market or the perception that these sales might occur could significantly reduce the market price of our common stock and impair our ability to raise adequate capital through the sale of additional equity securities.

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Based on shares of common stock outstanding as of September 30, 2018, upon the closing of this offering, we will have outstanding a total of \_\_\_\_\_ shares of common stock after this offering, assuming no exercise of the underwriters' option to purchase additional shares and no exercise of outstanding options. Of these shares, only the \_\_\_\_\_ shares of common stock sold in this offering by us, plus any shares sold upon exercise of the underwriters' option to purchase additional shares, will be freely tradable, without restriction, in the public market immediately following this offering, unless they are purchased by one of our affiliates.

Our directors and executive officers and holders of substantially all of our outstanding securities have entered into lock-up agreements with the underwriters pursuant to which they may not, with limited exceptions, for a period of 180 days from the date of this prospectus, offer, sell or otherwise transfer or dispose of any of our securities, without the prior written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated, Leerink Partners LLC and Barclays Capital Inc. Such exceptions include the ability of certain of our executive officers to sell up to \$ \_\_\_\_\_ of shares of common stock to satisfy certain tax liabilities related to their previous acquisition of shares. The underwriters may permit our officers, directors and other stockholders and the holders of our outstanding options who are subject to the lock-up agreements to sell shares prior to the expiration of the lock-up agreements, subject to limitations. See "Underwriting." Sales of these shares, or perceptions that they will be sold, could cause the trading price of our common stock to decline. After the lock-up agreements expire, up to an additional \_\_\_\_\_ shares of common stock will be eligible for sale in the public market of which shares are held by directors, executive officers and other affiliates and will be subject to volume limitations under Rule 144 under the Securities Act.

In addition, as of September 30, 2018, up to \_\_\_\_\_ shares of common stock that are either subject to outstanding options or reserved for future issuance under our employee benefit plans will become eligible for sale in the public market to the extent permitted by the provisions of various vesting schedules, the lock-up agreements and Rule 144 and Rule 701 under the Securities Act. 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.

After this offering, the holders of \_\_\_\_\_ shares of our outstanding common stock, or approximately \_\_\_\_\_ % of our total outstanding common stock as of September 30, 2018, will be entitled to rights with respect to the registration of their shares under the Securities Act, subject to vesting and the 180-day lock-up agreements described above. See "Description of capital stock—Registration rights." Registration of these shares under the Securities Act would result in the shares becoming freely tradable without restriction under the Securities Act, except for shares held by affiliates, as defined in Rule 144 under the Securities Act. Any sales of securities by these stockholders could have a material adverse effect on the trading price of our common stock.

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

We are an emerging growth company, as defined in the JOBS Act, and may remain an emerging growth company until the last day of the fiscal year following the fifth anniversary of the completion of this offering. However, if certain events occur prior to the end of such five-year period, including if we become a "large accelerated filer," our annual gross revenues exceed \$1.07 billion or we issue more than \$1.0 billion of non-convertible debt in any three-year period, we will cease to be an emerging growth company prior to the end of such five-year period. For so long as we remain an emerging growth company, we are permitted and intend to rely on exemptions from certain disclosure requirements that are applicable to other public companies that are not emerging growth companies. These exemptions include:

- being permitted to provide only two years of audited financial statements, in addition to any required unaudited interim financial statements, with correspondingly reduced "Management's Discussion and Analysis of Financial Condition and Results of Operations" disclosure;
- not being required to comply with the auditor attestation requirements in the assessment of our internal control over financial reporting;

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- not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements;
- reduced disclosure obligations regarding executive compensation; and
- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

We have taken advantage of reduced reporting burdens in this prospectus. In particular, in this prospectus, we have provided only two years of audited financial statements and have not included all of the executive compensation related information that would be required if we were not an emerging growth company. We cannot predict whether investors will find our common stock less attractive if we rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be reduced or more volatile. In addition, the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of these accounting standards until they would otherwise apply to private companies. We have irrevocably elected not to avail ourselves of this exemption and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

***We will incur significant increased costs as a result of operating as a public company, and our management will be required to devote substantial time to new compliance initiatives.***

As a public company, we will incur significant legal, accounting and other expenses that we did not incur as a private company. We will be subject to the reporting requirements of the Exchange Act, which will require, among other things, that we file with the U.S. Securities and Exchange Commission, or SEC, annual, quarterly and current reports with respect to our business and financial condition. In addition, Sarbanes-Oxley, as well as rules subsequently adopted by the SEC and Nasdaq to implement provisions of Sarbanes-Oxley, impose significant requirements on public companies, including requiring establishment and maintenance of effective disclosure and financial controls and changes in corporate governance practices. Further, pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the SEC has adopted additional rules and regulations in these areas, such as mandatory "say on pay" voting requirements that will apply to us when we cease to be an emerging growth company. Stockholder activism, the current political environment and the current high level of government intervention and regulatory reform may lead to substantial new regulations and disclosure obligations, which may lead to additional compliance costs and impact the manner in which we operate our business in ways we cannot currently anticipate.

We expect the rules and regulations applicable to public companies to substantially increase our legal and financial compliance costs and to make some activities more time consuming and costly. If these requirements divert the attention of our management and personnel from other business concerns, they could have a material adverse effect on our business, financial condition and results of operations. The increased costs will decrease our net income or increase our net loss, and may require us to reduce costs in other areas of our business or increase the prices of our products or services. For example, we expect these rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to incur substantial costs to maintain the same or similar coverage. We cannot predict or estimate the amount or timing of additional costs we may incur to respond to these requirements. The impact of these requirements 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.



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

The trading market for our common stock will depend in part on the research and reports that securities or industry analysts publish about us, our business, our market or our competitors. We do not currently have and may never obtain research coverage by securities and industry analysts. If no securities or industry analysts commence coverage of our company, the trading price for our stock would be negatively impacted. In the event we obtain securities or industry analyst coverage, if one or more of the analysts who covers us downgrades our stock, our stock price would likely decline. If one or more of these analysts ceases to cover us or fails to regularly publish reports on us, interest in our stock could decrease, which could cause our stock price or trading volume to decline.

***If we fail to maintain proper and effective internal control over financial reporting, our ability to produce accurate and timely financial statements could be impaired, investors may lose confidence in our financial reporting and the trading price of our common stock may decline.***

Pursuant to Section 404 of Sarbanes-Oxley, our management will be required to report upon the effectiveness of our internal control over financial reporting beginning with the annual report for our fiscal year ending December 31, 2019. When we lose our status as an “emerging growth company” and reach an accelerated filer threshold, our independent registered public accounting firm will be required to attest to the effectiveness of our internal control over financial reporting. The rules governing the standards that must be met for management to assess our internal control over financial reporting are complex and require significant documentation, testing and possible remediation. To comply with the requirements of being a reporting company under the Exchange Act, we will need to upgrade our information technology systems; implement additional financial and management controls, reporting systems and procedures; and hire additional accounting and finance staff. If we or, if required, our auditors are unable to conclude that our internal control over financial reporting is effective, investors may lose confidence in our financial reporting and the trading price of our common stock may decline.

We cannot assure you that there will not be material weaknesses or significant deficiencies in our internal control over financial reporting in the future. Any failure to maintain internal control over financial reporting could severely inhibit our ability to accurately report our financial condition, results of operations or cash flows. If we are unable to conclude that our internal control over financial reporting is effective, or if our independent registered public accounting firm determines we have a material weakness or significant deficiency in our internal control over financial reporting once that firm begin its Section 404 reviews, investors may lose confidence in the accuracy and completeness of our financial reports, the market price of our common stock could decline, and we could be subject to sanctions or investigations by Nasdaq, the SEC or other regulatory authorities. Failure to remedy any material weakness in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict our future access to the capital markets.

***Provisions in our charter documents and under Delaware law could discourage a takeover that stockholders may consider favorable and may lead to entrenchment of management.***

Our amended and restated certificate of incorporation and amended and restated bylaws that will be in effect immediately prior to the consummation of this offering will contain provisions that could significantly reduce the value of our shares to a potential acquiror or delay or prevent changes in control or changes in our management without the consent of our board of directors. The provisions in our charter documents will include the following:

- a classified board of directors with three-year staggered terms, which may delay the ability of stockholders to change the membership of a majority of our board of directors;
- no cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;

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- the exclusive right of our board of directors, unless the board of directors grants such right to the stockholders, to elect a director to fill a vacancy created by the expansion of the board of directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors;
- the required approval of at least 66-2/3% of the shares entitled to vote to remove a director for cause, and the prohibition on removal of directors without cause;
- the ability of our board of directors to authorize the issuance of shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquiror;
- the ability of our board of directors to alter our amended and restated bylaws without obtaining stockholder approval;
- the required approval of at least 66-2/3% of the shares entitled to vote to adopt, amend or repeal our amended and restated bylaws or repeal the provisions of our amended and restated certificate of incorporation regarding the election and removal of directors;
- a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders;
- an exclusive forum provision providing that the Court of Chancery of the State of Delaware will be the exclusive forum for certain actions and proceedings;
- the requirement that a special meeting of stockholders may be called only by the board of directors, which may delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors; and
- advance notice procedures that stockholders must comply with in order to nominate candidates to our board of directors or to propose matters to be acted upon at a stockholders' meeting, which may discourage or deter a potential acquiror from conducting a solicitation of proxies to elect the acquiror's own slate of directors or otherwise attempting to obtain control of us.

We are also subject to the anti-takeover provisions contained in Section 203 of the Delaware General Corporation Law. Under Section 203, a corporation may not, in general, engage in a business combination with any holder of 15% or more of its capital stock unless the holder has held the stock for three years or, among other exceptions, the board of directors has approved the transaction.

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

Our amended and restated certificate of incorporation and amended and restated bylaws will provide that the Court of Chancery of the State of Delaware is the exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a breach of fiduciary duty, any action asserting a claim against us arising pursuant to the Delaware General Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws, or any action asserting a claim against us that is governed by the internal affairs doctrine; provided, that, this provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act. Furthermore, our amended and restated certificate of incorporation will

also provide that unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. These choice of forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and other employees. By agreeing to this provision, however, stockholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder. Furthermore, the enforceability of similar choice of forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that a court could find these types of provisions to be inapplicable or unenforceable. If a court were to find the choice of forum provisions in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could adversely affect our business and financial condition.

***Our ability to use net operating loss carryforwards and other tax attributes may be limited in connection with this offering or other ownership changes.***

We have incurred substantial losses during our history and do not expect to become profitable in the near future, and we may never achieve profitability. To the extent that we continue to generate taxable losses, unused losses will carry forward to offset future taxable income, if any, until such unused losses expire (if at all). At December 31, 2017, we had federal and state net operating loss, or NOL, carryforwards of approximately \$1.1 million and \$1.1 million, respectively. Such federal and state NOL carryforwards will begin to expire in 2036, unless previously utilized.

Under recently enacted U.S. tax legislation, federal NOL carryforwards generated in periods after December 31, 2017, may be carried forward indefinitely but may only be used to offset 80% of our taxable income annually. Our NOL carryforwards are subject to review and possible adjustment by the Internal Revenue Service, or the IRS, and state tax authorities. Under Section 382 of the Internal Revenue Code of 1986, as amended, or the Code, our federal NOL carryforwards may become subject to an annual limitation in the event of certain cumulative changes in the ownership interest of significant stockholders over a three-year period in excess of 50 percentage points. Our ability to utilize our NOL carryforwards and other tax attributes to offset future taxable income or tax liabilities may be limited as a result of ownership changes, including potential changes in connection with this offering. Similar rules may apply under state tax laws. We have not yet determined the amount of the cumulative change in our ownership resulting from this offering or other transactions, or any resulting limitations on our ability to utilize our NOL carryforwards and other tax attributes. If we earn taxable income, such limitations could result in increased future tax liability to us and our future cash flows could be adversely affected. We have recorded a full valuation allowance related to our NOLs and other deferred tax assets due to the uncertainty of the ultimate realization of the future benefits of those assets.

***Recent U.S. tax legislation may materially adversely affect our financial condition, results of operations and cash flows.***

The Tax Act has significantly changed the U.S. federal income taxation of U.S. corporations, including by reducing the U.S. corporate income tax rate and revising the rules governing NOLs. Many of these changes are effective beginning in 2018, without any transition periods or grandfathering for existing transactions. The legislation is unclear in many respects and could be subject to potential amendments and technical corrections, as well as interpretations and implementing regulations by the U.S. Treasury Department and the IRS, any of which could lessen or increase certain adverse impacts of the legislation. In addition, it is unclear how these U.S. federal income tax changes will affect state and local taxation, which often uses federal taxable income as a starting point for computing state and local tax liabilities. As a result of the rate reduction from the Tax Act, we have reduced our deferred tax asset balance as of December 31, 2017 by \$0.8 million. However, due to our full valuation allowance position, there was no net impact on our income tax provision at December 31, 2017, as the reduction in the deferred tax asset balance was fully offset by a corresponding decrease in the valuation allowance.

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There may be other material adverse effects resulting from the legislation that we have not yet identified. While some of the changes made by the tax legislation may adversely affect us in one or more reporting periods and prospectively, other changes may be beneficial on a going forward basis. We continue to work with our tax advisors to determine the full impact that the recent tax legislation as a whole will have on us. We urge our investors to consult with their legal and tax advisors with respect to such legislation and the potential tax consequences of investing in our common stock.

### ***We could be subject to securities class action litigation.***

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 biotechnology and pharmaceutical 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.

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. All statements other than statements of historical facts contained in this prospectus, including statements regarding our future results of operations and financial position, business strategy, research and development, the anticipated timing, costs, design and conduct of our planned clinical trials for our product candidates and preclinical studies and clinical trials for our other development programs, the timing and likelihood of regulatory filings and approvals for our product candidates, our ability to commercialize our other product candidates, if approved, the pricing and reimbursement of our product candidates, if approved, the potential benefits of strategic collaborations and our ability to enter into strategic arrangements, timing and likelihood of success, plans and objectives of management for future operations, and future results of anticipated products are forward-looking statements. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “expect,” “plan,” “anticipate,” “could,” “intend,” “target,” “project,” “contemplates,” “believes,” “estimates,” “predicts,” “potential” or “continue” or the negative of these terms or other similar expressions. The forward-looking statements in this prospectus are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. These forward-looking statements speak only as of the date of this prospectus and are subject to a number of risks, uncertainties and assumptions described under the sections in this prospectus entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in this prospectus. Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified and some of which are beyond our control, you should not rely on these forward-looking statements as predictions of future events. The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements. Moreover, we operate in an evolving environment. New risk factors and uncertainties may emerge from time to time, and it is not possible for management to predict all risk factors and uncertainties. Except as required by applicable law, we undertake no obligation to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances or otherwise. You should, however, review the factors and risks we describe in the reports we will file from time to time with the SEC after the date of this prospectus. See “Where You Can Find More Information.”

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

## **MARKET AND INDUSTRY DATA**

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

## USE OF PROCEEDS

We estimate that the net proceeds to us from the sale of the common stock that we are offering will be approximately \$            million (or \$            million if the underwriters exercise their option to purchase additional shares in full), assuming an initial public offering price of \$            per share, the midpoint of the price range set forth on the cover page of this prospectus, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

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

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

We intend to use the net proceeds from the offering as follows:

- approximately \$            million to fund the research and development of GB001;
- approximately \$            million to fund the research and development of GB002;
- approximately \$            million to fund the research and development of GB004;
- approximately \$            million to fund research and development of our other development programs; and
- the remainder for working capital and general corporate purposes.

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

We believe, based on our current operating plan, that the net proceeds from this offering and our existing cash, cash equivalents and marketable securities, will be sufficient to fund our operations for at least the next 12 months, although there can be no assurance in that regard. In particular, we expect that the net proceeds from this offering and our existing cash, cash equivalents and marketable securities will allow us to complete our ongoing Phase 2b clinical trial for GB001, our planned Phase 1b clinical trial in PAH for GB002 and our planned Phase 1b clinical trial in UC for GB004. However, our expected use of proceeds from this offering described above represents our current intentions based on our present plans and business condition. As of the date of this prospectus, we cannot predict with certainty all of the particular uses for the proceeds to be received upon the completion of this offering or the actual amounts that we will spend on the uses set forth above. The net proceeds from this offering, together with our cash, cash equivalents and marketable securities, will not be sufficient for us to fund all of our product candidates through regulatory approval, and we will need to raise additional capital to complete the development and commercialization of all of our product candidates.

The amounts and timing of our actual expenditures will depend on numerous factors, including the time and cost necessary to conduct our planned clinical trials and preclinical studies and the results of such trials and

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studies, and other factors described under “Risk Factors” in this prospectus, as well as the amount of cash used in our operations and any unforeseen cash needs. Therefore, our actual expenditures may differ materially from the estimates described above. We may find it necessary or advisable to use the net proceeds for other purposes, and we will have broad discretion in the application of the net proceeds.

Pending the uses described above, we plan to invest the net proceeds from this offering in short- and intermediate-term, interest-bearing obligations, investment-grade instruments, certificates of deposit or direct or guaranteed obligations of the U.S. government.



## **DIVIDEND POLICY**

We have never declared or paid any cash dividends on our capital stock. We intend to retain future earnings, if any, to finance the operation of our business and do not anticipate paying any cash dividends in the foreseeable future. Any future determination related to dividend policy will be made at the discretion of our board of directors after considering our financial condition, results of operations, capital requirements, business prospects and other factors the board of directors deems relevant, and subject to the restrictions contained in any future financing instruments.

## CAPITALIZATION

The following table sets forth our cash, cash equivalents and marketable securities and capitalization as of September 30, 2018:

- on an actual basis;
- on a pro forma basis to reflect (1) the automatic conversion of all outstanding shares of our convertible preferred stock into 137,220,799 shares of common stock and the related reclassification of the carrying value of the convertible preferred stock to permanent equity immediately prior to the closing of this offering, and (2) the filing and effectiveness of our amended and restated certificate of incorporation immediately prior to the closing of this offering; and
- on a pro forma as adjusted basis to give further effect to our issuance and sale of \_\_\_\_\_ shares of our common stock in this offering at an assumed initial public offering price of \$ \_\_\_\_\_ per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The pro forma as adjusted information below is illustrative only, and our capitalization following the closing of this offering will be adjusted based on the actual initial public offering price and other terms of this offering determined at pricing. You should read this information in conjunction with our consolidated financial statements and the related notes included in this prospectus and the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and other financial information contained in this prospectus.

	As of September 30, 2018		Pro Forma
	Actual	Pro Forma (unaudited)	As Adjusted(1)
	(in thousands, except share and per share data)		
Cash, cash equivalents and marketable securities	\$ 256,443	\$ 256,443	\$ _____
Convertible preferred stock, \$0.0001 par value per share; 137,220,799 shares authorized, issued and outstanding, actual; no shares authorized, issued and outstanding, pro forma and pro forma as adjusted	338,367	—	
<b>Stockholders’ deficit:</b>			
Preferred stock, \$0.0001 par value per share; no shares authorized, issued or outstanding, actual; 10,000,000 shares authorized and no shares issued and outstanding, pro forma and pro forma as adjusted	—	—	
Common stock, \$0.0001 par value per share; 221,220,799 shares authorized; 69,900,556 shares issued and 34,802,318 shares outstanding, actual, excluding 35,098,238 shares subject to forfeiture; _____ shares authorized, pro forma and pro forma as adjusted; 207,121,355 shares issued and 172,023,117 shares outstanding, pro forma; _____ shares issued and _____ shares outstanding, pro forma as adjusted	2	14	
Additional paid in capital	23,054	361,409	
Accumulated deficit	(115,069)	(115,069)	
Accumulated other comprehensive income	235	235	
<b>Total stockholders’ equity (deficit)</b>	<b>(91,778)</b>	<b>246,589</b>	
<b>Total capitalization</b>	<b>\$ 246,589</b>	<b>\$ 246,589</b>	<b>\$ _____</b>

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- (1) Each \$1.00 increase (decrease) in the assumed initial public offering price of \$ \_\_\_\_\_ per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted amount of each of cash, cash equivalents and marketable securities, total stockholders' equity and total capitalization by approximately \$ \_\_\_\_\_, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase (decrease) of 1.0 million shares in the number of shares offered by us at the assumed initial public offering price of \$ \_\_\_\_\_ per share would increase (decrease) the pro forma as adjusted amount of each of cash, cash equivalents and marketable securities, total stockholders' equity and total capitalization by approximately \$ \_\_\_\_\_, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The number of shares of common stock in the table above is based on 207,121,355 shares of our common stock outstanding as of September 30, 2018, including 35,098,238 shares subject to forfeiture, after giving effect to the automatic conversion of all outstanding shares of our convertible preferred stock into 137,220,799 shares of our common stock immediately prior to the closing of this offering, and excludes:

- 9,469,500 shares of common stock issuable upon exercise of stock options outstanding as of September 30, 2018, at a weighted-average exercise price of \$0.65 per share;
- 13,558,900 shares of common stock issuable upon exercise of stock options granted after September 30, 2018, at a weighted-average exercise price of \$2.38 per share;
- \_\_\_\_\_ shares of our common stock reserved for future issuance under our 2019 Plan, which will become effective in connection with this offering (which number includes \_\_\_\_\_ shares remaining available for issuance under our 2017 Plan as of September 30, 2018, which will become available for issuance under the 2019 Plan upon its effectiveness, but does not include any potential evergreen increases pursuant to the terms of the 2019 Plan); and
- \_\_\_\_\_ shares of common stock reserved for future issuance under our ESPP, which will become effective in connection with this offering (which number does not include any potential evergreen increases pursuant to the terms of the ESPP).

## DILUTION

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

As of September 30, 2018, we had a historical net tangible book deficit of \$91.8 million, or \$(1.31) per share of common stock based on 69,900,556 shares of common stock outstanding, including 35,098,238 shares subject to forfeiture, as of such date. Our historical net tangible book value per share represents total tangible assets less total liabilities and convertible preferred stock, divided by the number of shares of common stock outstanding (including shares subject to forfeiture) at September 30, 2018.

On a pro forma basis, after giving effect to the automatic conversion of all outstanding shares of our convertible preferred stock into 137,220,799 shares of our common stock and the related reclassification of the carrying value of the convertible preferred stock to permanent equity immediately prior to the closing of this offering stock, our pro forma net tangible book value as of September 30, 2018 would have been approximately \$246.6 million, or approximately \$1.19 per share of our common stock.

After giving further effect to the sale of \_\_\_\_\_ shares of common stock that we are offering at an assumed initial public offering price of \$ \_\_\_\_\_ per share, the midpoint of the price range set forth on the cover page of this prospectus, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of September 30, 2018 would have been approximately \$ \_\_\_\_\_ million, or approximately \$ \_\_\_\_\_ per share. This amount represents an immediate increase in pro forma net tangible book value of approximately \$ \_\_\_\_\_ per share to our existing stockholders and an immediate dilution in pro forma net tangible book value of approximately \$ \_\_\_\_\_ per share to new investors purchasing shares of common stock in this offering.

Dilution per share to new investors is determined by subtracting pro forma as adjusted net tangible book value per share after this offering from the initial public offering price per share paid by new investors. The following table illustrates this dilution (without giving effect to any exercise by the underwriters of their option to purchase additional shares):

Assumed initial public offering price per share	\$
Historical net tangible book deficit per share as of September 30, 2018	\$(1.31)
Pro forma increase in historical net tangible book deficit per share as of September 30, 2018 attributable to the conversion of convertible preferred stock	2.50
Pro forma net tangible book value per share as of September 30, 2018	1.19
Increase in pro forma net tangible book value per share attributable to new investors participating in this offering	_____
Pro forma as adjusted net tangible book value per share after this offering	_____
Dilution per share to new investors participating in this offering	\$ _____

Each \$1.00 increase (decrease) in the assumed initial public offering price of \$ \_\_\_\_\_ per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted net tangible book value per share after this offering by approximately \$ \_\_\_\_\_, and dilution in pro forma net tangible book value per share to new investors by approximately \$ \_\_\_\_\_, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and the estimated offering expenses payable by us. Similarly, each increase (decrease) of 1.0 million shares in the number of shares offered by us would increase (decrease) our pro forma as adjusted net tangible book value per share after this offering by approximately

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\$ \_\_\_\_\_ per share and decrease (increase) the dilution to investors participating in this offering by approximately \$ \_\_\_\_\_ per share, assuming that the assumed initial public offering price of \$ \_\_\_\_\_ per share remains the same, and after deducting the estimated underwriting discounts and commissions and the estimated offering expenses payable by us.

If the underwriters exercise their option to purchase additional shares of our common stock in full in this offering, the pro forma as adjusted net tangible book value after the offering would be approximately \$ \_\_\_\_\_ per share, the increase in pro forma net tangible book value per share to existing stockholders would be approximately \$ \_\_\_\_\_ per share and the dilution per share to new investors would be \$ \_\_\_\_\_ per share, in each case assuming an initial public offering price of \$ \_\_\_\_\_ per share, the midpoint of the price range set forth on the cover page of this prospectus.

The following table summarizes on the pro forma as adjusted basis described above, as of September 30, 2018, the differences between the number of shares purchased from us, the total consideration paid to us in cash and the average price per share paid by existing stockholders for shares issued prior to this offering and the price to be paid by new investors in this offering. The calculations below are based on an assumed initial public offering price of \$ \_\_\_\_\_ per share, the midpoint of the price range set forth on the cover page of the prospectus, before deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

	<u>Shares Purchased</u>		<u>Total Consideration</u>		<u>Average Price</u>
	<u>Number</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Per Share</u>
Existing stockholders before this offering		%	\$	%	\$
New investors participating in this offering					\$
<b>Total</b>		<b>100%</b>		<b>100%</b>	

If the underwriters exercise their option to purchase additional shares of our common stock in full:

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

The foregoing tables and calculations (other than the historical net tangible book value calculation) are based on 207,121,355 shares of our common stock outstanding as of September 30, 2018, including 35,098,238 shares subject to forfeiture, after giving effect to the automatic conversion of all outstanding shares of our convertible preferred stock into 137,220,799 shares of our common stock prior to the closing of this offering, and exclude:

- 9,469,500 shares of common stock issuable upon exercise of stock options outstanding as of September 30, 2018, at a weighted-average exercise price of \$0.65 per share;
- 13,558,900 shares of common stock issuable upon exercise of stock options granted after September 30, 2018, at a weighted-average exercise price of \$2.38 per share;
- \_\_\_\_\_ shares of our common stock reserved for future issuance under our 2019 Plan, which will become effective in connection with this offering (which number includes \_\_\_\_\_ shares remaining available for issuance under our 2017 Plan as of September 30, 2018, which will become available for issuance under the 2019 Plan upon its effectiveness, but does not include any potential evergreen increases pursuant to the terms of the 2019 Plan); and

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- shares of common stock reserved for future issuance under our ESPP, which will become effective in connection with this offering (which number does not include any potential evergreen increases pursuant to the terms of the ESPP).

To the extent any outstanding options are exercised, or we issue additional equity or convertible debt securities in the future, there will be further dilution to new investors.

## SELECTED CONSOLIDATED FINANCIAL DATA

The following tables set forth selected historical consolidated financial data as of, and for the periods ended on, the dates indicated. We have derived the selected consolidated statements of operations data for the years ended December 31, 2016 and 2017 and the selected consolidated balance sheet data as of December 31, 2016 and 2017 from our audited consolidated financial statements included elsewhere in this prospectus. We have derived the selected consolidated statements of operations data for the nine months ended September 30, 2017 and 2018 and the selected consolidated balance sheet data as of September 30, 2018 from our unaudited consolidated financial statements included elsewhere in this prospectus. The unaudited consolidated financial statements have been prepared on a basis consistent with our audited consolidated financial statements included in this prospectus and, in the opinion of management, reflect all adjustments, consisting only of normal recurring adjustments, necessary to fairly state our financial position as of September 30, 2018 and results of operations for the nine months ended September 30, 2017 and 2018. You should read this data together with our consolidated financial statements and related notes included elsewhere in this prospectus and the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Our historical results for any prior period are not necessarily indicative of our future results.

	<u>Year Ended December 31,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2016</u>	<u>2017</u>	<u>2017</u>	<u>2018</u>
			(unaudited)	
	(in thousands, except share and per share data)			
<b>Consolidated Statements of Operations Data:</b>				
Operating expenses:				
Research and development	\$ —	\$ 891	\$ 216	\$ 29,411
In process research and development	—	5,500	—	49,659
General and administrative	83	262	105	30,116
Total operating expenses	<u>83</u>	<u>6,653</u>	<u>321</u>	<u>109,186</u>
Loss from operations	(83)	(6,653)	(321)	(109,186)
Other income (expense):				
Interest income	—	—	—	1,022
Interest expense	—	(118)	—	(8)
Other Income	—	—	—	(3)
Total other income (expense)	<u>—</u>	<u>(118)</u>	<u>—</u>	<u>1,011</u>
Net loss	<u>\$ (83)</u>	<u>\$ (6,771)</u>	<u>\$ (321)</u>	<u>\$ (108,175)</u>
Net loss per share, basic and diluted <sup>(1)</sup>	<u>\$ (0.00)</u>	<u>\$ (0.16)</u>	<u>\$ (0.01)</u>	<u>\$ (3.92)</u>
Weighted-average shares of common stock outstanding, basic and diluted <sup>(1)(2)</sup>	<u>41,224,000</u>	<u>41,224,000</u>	<u>41,224,000</u>	<u>27,602,600</u>
Pro forma net loss per share, basic and diluted (unaudited) <sup>(1)</sup>		<u>\$ (0.16)</u>		<u>\$ (0.97)</u>
Pro forma weighted-average shares of common stock outstanding, basic and diluted (unaudited) <sup>(1)</sup>		<u>41,224,000</u>		<u>111,740,879</u>

(1) See Note 2 to our consolidated financial statements included elsewhere in this prospectus for an explanation of the method used to calculate the historical and pro forma net loss per share, basic and diluted, and the number of shares used in the computation of the per share amounts.

(2) In connection with the issuance of the Series A convertible preferred stock in January 2018, certain of our founders entered into stock restriction agreements, whereby 20,612,000 of previously unrestricted shares of common stock became subject to forfeiture to us upon the founders’ termination of employment or service, which obligation lapses as the shares vest.

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	As of December 31,		As of September 30,
	2016	2017	2018
	(in thousands)		(unaudited)
<b>Consolidated Balance Sheet Data:</b>			
Cash, cash equivalents and marketable securities	\$ 60	\$ 315	\$ 256,443
Working capital <sup>(1)</sup>	(83)	(821)	243,412
Total assets	60	445	262,181
Convertible preferred stock	—	—	338,367
Accumulated deficit	(123)	(6,894)	(115,069)
Total stockholders' deficit	(123)	(6,862)	(91,778)

(1) We define working capital as current assets less current liabilities. See our consolidated financial statements included elsewhere in this prospectus for further details regarding our current assets and current liabilities.



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

*You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements and related notes appearing in this prospectus. Some of the information contained in this discussion and analysis is set forth elsewhere in this prospectus, including information with respect to our plans and strategy for our business and related financing, includes forward-looking statements that involve risks and uncertainties. As a result of many factors, including those factors set forth in the "Risk Factors" section of this prospectus, our actual results could differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.*

### Overview

We are a clinical-stage biopharmaceutical company focused on discovering, acquiring, developing and commercializing therapeutics in the disease areas of immunology, inflammation and oncology. Our goal is to be an industry leader in each of these therapeutic areas and enhance and extend the lives of patients suffering from such diseases. To accomplish this goal, we have assembled a deeply experienced and highly skilled group of industry veterans, scientists, clinicians and key opinion leaders from leading biotechnology and pharmaceutical companies, as well as leading academic centers from around the world. Our collective immunology and translational discovery and development expertise serves as the foundation of our company.

We are pursuing product candidates with strong scientific rationale to address indications where there is both a high unmet need and an opportunity to develop best-in-class or first-in-class programs. We currently have six programs: three clinical-stage product candidates and three preclinical programs. We commenced a Phase 2b clinical trial for our most advanced product candidate, GB001, in moderate-to-severe eosinophilic asthma in October 2018 and expect to conduct an interim analysis in the first half of 2020. If the interim analysis is positive, we plan on initiating a Phase 3 clinical trial thereafter. We also expect to initiate proof-of-concept Phase 2 clinical trials of GB001 in CRSwNP and CSU in 2019. We are developing GB002 for the treatment of PAH, and plan to commence a Phase 1b clinical trial in PAH in the first half of 2019 and a Phase 2/3 clinical trial in PAH in the second half of 2019. We are developing GB004 for the treatment of IBD, including UC and CD, and, following submission of an IND application with the FDA, expect to initiate a Phase 1b clinical trial in UC in the first half of 2019. We also plan to initiate a Phase 2 clinical trial in UC in the first half of 2020. We currently have three programs in preclinical development. GB1275 is an oral small molecule, CD11b agonist in preclinical development for the treatment of oncology indications for which we plan to submit an IND application and, after acceptance, initiate a Phase 1 clinical trial in 2019. We are also currently evaluating a portfolio of novel BTK inhibitors for the treatment of autoimmune indications and small molecule cancer metabolism modulators for the treatment of solid tumors.

We were incorporated in October 2015 and commenced operations in 2017. To date, we have focused primarily on organizing and staffing our company, business planning, raising capital, identifying, acquiring and in-licensing our product candidates and conducting preclinical studies and early clinical trials. We have funded our operations primarily through equity financings. We raised \$310.0 million from October 2017 through July 2018 through Series A and B convertible preferred stock financings and a convertible note financing. In addition, we received \$12.8 million in cash in connection with the January 2018 acquisition of AA Biopharma Inc., of which Pulmagen Therapeutics (Asthma) Limited is a wholly-owned subsidiary. As of September 30, 2018, we had \$256.4 million in cash, cash equivalents and marketable securities.

We have incurred significant operating losses since our inception, and expect to continue to incur significant operating losses for the foreseeable future. For the year ended December 31, 2017 and for the nine months ended September 30, 2018, our net loss was \$6.8 million and \$108.2 million, respectively. As of September 30, 2018, we had an accumulated deficit of \$115.1 million. We expect our expenses and operating losses will increase substantially as we conduct our ongoing and planned clinical trials, continue our research and

development activities and conduct preclinical studies, and seek regulatory approvals for our product candidates, as well as hire additional personnel, protect our intellectual property and incur additional costs associated with being a public company. In addition, as our product candidates progress through development and toward commercialization, we will need to make milestone payments to the licensors and other third parties from whom we have in-licensed or acquired our product candidates, including GB002 and GB004. Our net losses may fluctuate significantly from quarter-to-quarter and year-to-year, depending in particular on the timing of our clinical trials and preclinical studies and our expenditures on other research and development activities.

We do not expect to generate any revenue from product sales unless and until we successfully complete development and obtain regulatory approval for one or more of our product candidates, which we expect will take a number of years. If we obtain regulatory approval for any of our product candidates, we expect to incur significant commercialization expenses related to product sales, marketing, manufacturing and distribution. Accordingly, until such time as we can generate substantial product revenues to support our cost structure, if ever, we expect to finance our cash needs through equity offerings, debt financings or other capital sources, including potentially collaborations, licenses and other similar arrangements. However, we may be unable to raise additional funds or enter into such other arrangements when needed on favorable terms or at all. Our failure to raise capital or enter into such other arrangements when needed could have a negative impact on our financial condition and on our ability to pursue our business plans and strategies. If we are unable to raise additional capital when needed, we could be forced to delay, limit, reduce or terminate our product candidate development or future commercialization efforts or grant rights to develop and market our product candidates even if we would otherwise prefer to develop and market such product candidates ourselves.

## **Components of Results of Operations**

### ***Revenue***

We have not generated any revenue since our inception and do not expect to generate any revenue from the sale of products for the foreseeable future.

### ***Operating expenses***

#### *Research and development*

Research and development expenses have related primarily to preclinical and clinical development of our product candidates and discovery efforts. Research and development expenses are recognized as incurred and payments made prior to the receipt of goods or services to be used in research and development are capitalized until the goods or services are received.

Research and development expenses include or could include:

- salaries, payroll taxes, employee benefits, and stock-based compensation charges for those individuals involved in research and development efforts;
- external research and development expenses incurred under agreements with contract research organizations, or CROs, investigative sites and consultants to conduct our clinical trials and preclinical and non-clinical studies;
- laboratory supplies;
- costs related to manufacturing our product candidates for clinical trials and preclinical studies, including fees paid to third-party manufacturers;
- costs related to compliance with regulatory requirements; and

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- facilities, depreciation and other allocated expenses, which include direct and allocated expenses for rent, maintenance of facilities, insurance, equipment and other supplies.

Our direct research and development expenses consist principally of external costs, such as fees paid to CROs, investigative sites and consultants in connection with our clinical trials, preclinical and non-clinical studies, and costs related to manufacturing clinical trial materials. For the nine months ended September 30, 2018, the majority of our third-party expenses related to the research and development of GB001 and GB002. We deploy our personnel and facility related resources across all of our research and development activities. We track external costs and personnel expense on a program-by-program basis and allocate common expenses, such as facility related resources, to each program based on the personnel resources allocated to such program. Stock-based compensation and personnel and common expenses not attributable to a specific program are considered unallocated research and development expenses.

We plan to substantially increase our research and development expenses for the foreseeable future as we continue the development of our product candidates and conduct discovery and research activities for our preclinical programs. We cannot determine with certainty the timing of initiation, the duration or the completion costs of current or future preclinical studies and clinical trials of our product candidates due to the inherently unpredictable nature of preclinical and clinical development. Clinical and preclinical development timelines, the probability of success and development costs can differ materially from expectations. We anticipate that we will make determinations as to which product candidates to pursue and how much funding to direct to each product candidate on an ongoing basis in response to the results of ongoing and future preclinical studies and clinical trials, regulatory developments and our ongoing assessments as to each product candidate's commercial potential. We will need to raise substantial additional capital in the future.

Our clinical development costs may vary significantly based on factors such as:

- per patient trial costs;
- the number of trials required for approval;
- the number of sites included in the trials;
- the countries in which the trials are conducted;
- the length of time required to enroll eligible patients;
- the number of patients that participate in the trials;
- the number of doses that patients receive;
- the drop-out or discontinuation rates of patients;
- potential additional safety monitoring requested by regulatory agencies;
- the duration of patient participation in the trials and follow-up;
- the cost and timing of manufacturing our product candidates;
- the phase of development of our product candidates; and
- the efficacy and safety profile of our product candidates.

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### *In process research and development*

In process research and development, or IPR&D, expenses include in-process research and development acquired as part of an asset acquisition or in-license for which there is no alternative future use, are expensed as incurred.

IPR&D expenses consist of our upfront payments made to Pulmokit, Inc., in connection with the in-license of GB002, the value of our stock issued to former AA Biopharma Inc. shareholders, in connection with the acquisition of GB001, and our upfront payments made to Aerpio Pharmaceuticals, Inc., or Aerpio, in connection with the in-license of GB004, our upfront payments made to Adhaere Pharmaceuticals, Inc., or Adhaere, in connection with the acquisition of GB1275, and upfront payments made in connection with the acquisition of our other preclinical programs.

### *General and administrative*

General and administrative expenses consist primarily of salaries and employee-related costs, including stock-based compensation, for personnel in executive, finance and other administrative functions. Other significant costs include facility-related costs, legal fees relating to intellectual property and corporate matters, professional fees for accounting and consulting services and insurance costs.

We expect our general and administrative expenses will increase for the foreseeable future to support our expanded infrastructure and increased costs of operating as a public company. These increases will likely include increased expenses related to audit, legal, regulatory, and tax-related services associated with maintaining compliance with exchange listing and SEC requirements, director and officer insurance premiums, and investor relations costs associated with operating as a public company.

### *Other income (expense), net*

Other income (expense), net consists of (1) interest income on our cash, cash equivalents and marketable securities and (2) interest expense related to the convertible promissory note issued in October 2017. The note converted into shares of our Series A convertible preferred stock in January 2018. See Note 5 to our consolidated financial statements included elsewhere in this prospectus for a description of the note.

## **Results of Operations for the Nine Months Ended September 30, 2017 and 2018**

The following table sets forth our selected statements of operations data for the nine months ended September 30, 2017 and 2018:

	<u>Nine Months Ended September 30,</u>		<u>Change</u>
	<u>2017</u>	<u>2018</u>	<u>\$</u>
	<u>(in thousands)</u>		
	<u>(unaudited)</u>		
<b>Operating expenses:</b>			
Research and development	\$ 216	\$ 29,411	\$ 29,195
IPR&D	—	49,659	49,659
General and administrative	105	30,116	30,011
<b>Total operating expenses</b>	<b>321</b>	<b>109,186</b>	<b>108,865</b>
<b>Loss from operations</b>	<b>(321)</b>	<b>(109,186)</b>	<b>(108,865)</b>
<b>Other income (expenses)</b>			
Interest income	—	1,022	1,022
Interest expense	—	(8)	(8)
Other expense	—	(3)	(3)
<b>Total other income, net</b>	<b>—</b>	<b>1,011</b>	<b>1,011</b>
<b>Net loss</b>	<b>\$ (321)</b>	<b>\$ (108,175)</b>	<b>\$ (107,854)</b>

**Operating expenses***Research and development*

Research and development expenses were \$29.4 million for the nine months ended September 30, 2018, compared to \$216,000 for the nine months ended September 30, 2017. The \$29.4 million for the nine months ended September 30, 2018 was primarily attributable to \$7.6 million of costs associated with preclinical studies and clinical trials for GB001, \$7.2 million of cost associated with preclinical studies and clinical trials for GB002, \$6.1 million of personnel-related costs and \$4.6 million of external consultants costs.

The following table shows our research and development expenses by program for the nine months ended September 30, 2017 and 2018:

	<u>Nine Months Ended September 30,</u>		<u>Change</u> <u>\$</u>
	<u>2017</u>	<u>2018</u>	
		(in thousands)	
		(unaudited)	
GB001	\$ —	\$ 11,523	11,523
GB002	216	\$ 10,931	10,715
GB004	—	\$ 2,713	2,713
Other programs	—	\$ 1,287	1,287
Unallocated expenses	—	\$ 2,957	2,957
Total research and development	<u>216</u>	<u>\$ 29,411</u>	<u>29,195</u>

*IPR&D*

IPR&D expenses were \$49.7 million for the nine months ended September 30, 2018, compared to \$0 for the nine months ended September 30, 2017. The \$49.7 million for the nine months ended September 30, 2018 was primarily attributable to our \$20.0 million upfront payment made to Aerpio in connection with the in-license of GB004, \$19.3 million of costs associated with the issuance of our stock in connection with our acquisition of GB001 and AA Biopharma and our \$7.5 million upfront payment in connection with our acquisition of GB1275 and Adhaere.

*General and administrative*

General and administrative expenses were \$30.1 million for the nine months ended September 30, 2018, compared to approximately \$105,000 for the nine months ended September 30, 2017. The \$30.1 million for the nine months ended September 30, 2018 was primarily attributable to \$20.0 million in stock-based compensation costs, \$3.6 million in personnel-related costs, \$2.2 million in professional fees, \$1.6 million in facility-related costs and \$1.1 million in legal fees.

**Other income (expense), net**

Other income (expense), net was \$1.0 million for the nine months ended September 30, 2018, compared to \$0 for the nine months ended September 30, 2017. The \$1.0 million was attributable to \$1.0 million interest income earned on our cash, cash equivalents and marketable securities during the period.

**Results of Operations for the Years Ended December 31, 2016 and 2017**

The following table sets forth our selected statements of operations data for the years ended December 31, 2016 and 2017:

	<b>Year Ended December 31,</b>		<b>Change</b>
	<b>2016</b>	<b>2017</b>	<b>\$</b>
	<b>(in thousands)</b>		
<b>Operating expenses:</b>			
Research and development	\$ —	\$ 891	\$ 891
IPR&D	—	5,500	5,500
General and administrative	83	262	179
<b>Total operating expenses</b>	<b>83</b>	<b>6,653</b>	<b>6,570</b>
<b>Loss from operations</b>	<b>(83)</b>	<b>(6,653)</b>	<b>(6,570)</b>
Other expense	—	(118)	(118)
<b>Net loss</b>	<b>\$ (83)</b>	<b>\$ (6,771)</b>	<b>\$ (6,688)</b>

**Operating expenses***Research and development*

Research and development expenses were approximately \$0.9 million for the year ended December 31, 2017, compared to \$0 for the year ended December 31, 2016. The \$0.9 million was primarily attributable to \$0.6 million in legal fees, \$0.2 million in external consultant costs and salaries and \$0.1 million of employee-related costs for research and development staff. All research and development expenses for the year ended December 31, 2017 were attributable to GB002.

*IPR&D*

IPR&D expenses were approximately \$5.5 million for the year ended December 31, 2017, compared to \$0 for the year ended December 31, 2016. The \$5.5 million was attributable to our upfront payment for the in-license of GB002 from Pulmokit.

*General and administrative*

General and administrative expenses were approximately \$0.3 million for the year ended December 31, 2017, compared to approximately \$0.1 million for the year ended December 31, 2016. The \$0.3 million for the year ended December 31, 2017 was primarily related to legal fees.

**Other income (expense), net**

Other income (expense), net was \$0.1 million for the year ended December 31, 2017, compared to \$0 for the year ended December 31, 2016. The \$0.1 million was primarily related to interest expense on the convertible promissory note.

**Liquidity and Capital Resources**

We have incurred substantial operating losses since our inception, and expect to continue to incur significant operating losses for the foreseeable future and may never become profitable. As of December 31, 2017 and September 30, 2018, we had an accumulated deficit of \$6.9 million and \$115.1 million, respectively.

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Our primary use of cash is to fund operating expenses, which consist primarily of research and development expenditures, and to a lesser extent, general and administrative expenditures. Cash used to fund operating expenses is impacted by the timing of when we pay these expenses, as reflected in the change in our outstanding accounts payable and accrued expenses.

Since our inception, our operations have been financed primarily by gross proceeds of \$310.0 million from the sale of our convertible preferred stock and a convertible promissory note. In January and March 2018, we issued and sold an aggregate of 45,714,286 shares of Series A convertible preferred stock at \$1.75 per share, for approximately \$73.9 million in gross proceeds and the cancellation of a \$6.1 million convertible promissory note. In January 2018, we acquired GB001 pursuant to a merger agreement with AA Biopharma under which we issued to former AA Biopharma shareholders an aggregate of 20,000,000 shares of our Series Seed convertible preferred stock and 4,955,752 shares of our common stock. In connection with this acquisition, we received \$12.8 million in cash. In July 2018, we raised approximately \$230.0 million in gross proceeds from the sale of 71,506,513 shares of Series B convertible preferred stock. As of September 30, 2018, we had cash, cash equivalents and marketable securities of \$256.4 million. Cash in excess of immediate requirements is invested in accordance with our investment policy, primarily with a view to capital preservation and liquidity.

The following table shows a summary of our cash flows for each of the periods shown below:

	<u>Year Ended December 31,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2016</u>	<u>2017</u>	<u>2017</u>	<u>2018</u>
			(in thousands)	
Net cash provided by (used in) operating activities	\$ 20	\$ (5,745)	\$ (24)	\$ (26,021)
Net cash used in investing activities	—	—	—	(136,030)
Net cash provided by financing activities	40	6,000	4	303,003
Net increase in cash, cash equivalents and restricted cash	<u>\$ 60</u>	<u>\$ 255</u>	<u>\$ (20)</u>	<u>\$ 140,952</u>

### *Operating activities*

During the nine months ended September 30, 2018, operating activities used approximately \$26.0 million of cash, primarily resulting from a net loss of \$108.2 million, partially reduced by in process research and development expenses of \$49.7 million, changes in operating assets and liabilities of \$12.2 million and stock-based compensation expense of \$20.1 million. Net cash provided by changes in operating assets and liabilities consisted primarily of increases in accounts payable and accrued expenses of \$14.6 million, partially offset by an increase in prepaid expenses due to prepayments for clinical development activities and security deposits.

During the nine months ended September 30, 2017, operating activities were nominal.

During the year ended December 31, 2017, operating activities used approximately \$5.7 million of cash, primarily resulting from a net loss of \$6.8 million, partially reduced by increases in accounts payable of \$1.0 million.

During the year ended December 31, 2016, operating activities were nominal.

### *Investing activities*

During the nine months ended September 30, 2018, investing activities used approximately \$136.0 million of cash, primarily resulting from the upfront payment made to Aerpio of \$20.0 million in connection with the in-license of GB004, the purchase of marketable securities of \$115.1 million, upfront

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payments of \$10.6 million in connection with the acquisition of our preclinical programs and the purchase of property and equipment of \$3.8 million, partially offset by \$12.8 million of cash proceeds received from AA Biopharma in connection with our acquisition.

There were no investing activities for the nine months ended September 30, 2017.

There were no investing activities for the years ended December 31, 2016 and 2017, respectively.

### *Financing activities*

During the nine months ended September 30, 2018, financing activities provided \$303.0 million of cash, primarily resulting from the net proceeds from issuance of our Series A and B convertible preferred stock of \$303.0 million.

There were no financing activities for the nine months ended September 30, 2017.

During the year ended December 31, 2017, financing activities provided \$6.0 million of cash, primarily resulting from the proceeds from issuance of a convertible promissory note.

During the year ended December 31, 2016, financing activities were nominal.

### *Funding requirements*

Based on our current operating plan, we believe that our existing cash, cash equivalents and marketable securities, together with the estimated net proceeds from this offering, will be sufficient to fund our operations through at least the next 12 months from the date of this offering. However, our forecast of the period of time through which our financial resources will be adequate to support our operations is a forward-looking statement that involves risks and uncertainties, and actual results could vary materially. We have based this estimate on assumptions that may prove to be wrong, and we could use our capital resources sooner than we expect. Additionally, the process of testing product candidates in clinical trials is costly, and the timing of progress and expenses in these trials is uncertain.

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

- the type, number, scope, progress, expansions, results, costs and timing of, our preclinical studies and clinical trials of our product candidates which we are pursuing or may choose to pursue in the future;
- the costs and timing of manufacturing for our product candidates;
- the costs, timing and outcome of regulatory review of our product candidates;
- the costs of obtaining, maintaining and enforcing our patents and other intellectual property rights;
- our efforts to enhance operational systems and hire additional personnel to satisfy our obligations as a public company, including enhanced internal controls over financial reporting;
- the costs associated with hiring additional personnel and consultants as our preclinical and clinical activities increase;
- the timing and amount of the milestone or other payments we must make to the licensors and other third parties from whom we have in-licensed our acquired our product candidates;



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- the costs and timing of establishing or securing sales and marketing capabilities if any product candidate is approved;
- our ability to achieve sufficient market acceptance, coverage and adequate reimbursement from third-party payors and adequate market share and revenue for any approved products;
- the terms and timing of establishing and maintaining collaborations, licenses and other similar arrangements; and
- costs associated with any products or technologies that we may in-license or acquire.

Until such time as we can generate substantial product revenues to support our cost structure, if ever, we expect to finance our cash needs through equity offerings, debt financings or other capital sources, including potentially collaborations, licenses and other similar arrangements. However, we may be unable to raise additional funds or enter into such other arrangements when needed on favorable terms or at all. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our stockholders will be or could be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of our common stockholders. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise funds through collaborations, licenses and other similar arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or grant licenses on terms that may not be favorable to us and/or may reduce the value of our common stock. Our failure to raise capital or enter into such other arrangements when needed could have a negative impact on our financial condition and on our ability to pursue our business plans and strategies. If we are unable to raise additional capital when needed, we could be forced to delay, limit, reduce or terminate our product candidate development or future commercialization efforts or grant rights to develop and market our product candidates even if we would otherwise prefer to develop and market such product candidates ourselves.

### Contractual Obligations and Commitments

The following table summarizes our contractual obligations at September 30, 2018:

	Payments Due By Period				More than 5 Years
	Total	Less than 1 Year	1 - 3 Years	3 - 5 Years	
Operating lease obligations <sup>(1)</sup>	\$15,854	\$ 341	\$ 5,905	\$ 6,260	\$ 3,348
Purchase obligations <sup>(2)</sup>	—	—	—	—	—
<b>Total contractual obligations</b>	<b>\$15,854</b>	<b>\$ 341</b>	<b>\$ 5,905</b>	<b>\$ 6,260</b>	<b>\$ 3,348</b>

(1) Operating leases include our continuing rent obligations through December 2024.

(2) At September 30, 2018, we had \$3.6 million of open purchase orders. All of our purchase orders may be cancelled without significant penalty.

Under our license agreements with Pulmokine and Aerio, as well as our other license and acquisition agreements, we have payment obligations that are contingent upon future events such as our achievement of specified development, regulatory and commercial milestones and are required to make royalty payments in connection with the sale of products developed under those agreements. As of September 30, 2018, we were unable to estimate the timing or likelihood of achieving the milestones or making future product sales and, therefore, any related payments are not included in the table above. For additional information regarding these license agreements, including our payment obligations thereunder, see “Business—License Agreements” and Note 6 to our consolidated financial statements included elsewhere in this prospectus.

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We enter into contracts in the normal course of business with clinical trial sites and clinical supply manufacturers and with vendors for preclinical studies, research supplies and other services and products for operating purposes. These contracts generally provide for termination after a notice period, and, therefore, are cancelable contracts and not included in the table above.

### **Off-Balance Sheet Arrangements**

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined under the rules and regulations of the SEC.

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

Our consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States, or GAAP. The preparation of our consolidated financial statements requires us to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, costs and expenses. We base our estimates and assumptions on historical experience and other factors that we believe to be reasonable under the circumstances. We evaluate our estimates and assumptions on an ongoing basis. We base our estimates on historical experience, known trends and events, and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Our actual results may differ from these estimates under different assumptions or conditions. Our most critical accounting policies are summarized below. See Note 2 to our consolidated financial statements included elsewhere in this prospectus for a description of our other significant accounting policies.

#### ***Accrued expenses***

As part of the process of preparing our consolidated financial statements, we are required to estimate our accrued expenses as of each balance sheet date. This process involves reviewing open contracts and purchase orders, communicating with our 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 the actual cost. 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. The significant estimates in our accrued research and development expenses include the costs incurred for services performed by our vendors in connection with research and development activities for which we have not yet been invoiced.

We base our expenses related to research and development activities on our estimates of the services received and efforts expended pursuant to quotes and contracts with vendors that conduct research and development 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. There may be instances in which payments made to our vendors will exceed the level of services provided and result in a prepayment of the research and development expense. In accruing service fees, we estimate the time period over which services will be performed 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 or prepaid expense accordingly. Advance payments for goods and services that will be used in future research and development activities are expensed when the activity has been performed or when the goods have been received rather than when the payment is made.

Although we do not expect our estimates to be materially different from amounts actually incurred, if our estimates of the status and timing of services performed differ from the actual status and timing of services performed, it could result in us reporting amounts that are too high or too low in any particular period. To date, there have been no material differences between our estimates of such expenses and the amounts actually incurred.

### ***Stock-based compensation***

We measure and recognize compensation expense for all options based on the estimated fair value of the award on the grant date. We use the Black-Scholes option-pricing model to estimate the fair value of option awards. The fair value is recognized as expense on a straight-line basis over the requisite service period. We account for forfeitures as they occur. We record expense for awards subject to performance-based milestone vesting over the remaining service period when management determines that achievement of the milestone is probable. Management evaluates when the achievement of a performance-based milestone is probable based on the expected satisfaction of the performance conditions at each reporting date.

The determination of the grant date fair value of options using an option pricing model is affected principally by our estimated fair value of shares of our common stock and requires management to make a number of other assumptions, including the expected life of the option, the volatility of the underlying shares, the risk-free interest rate and expected dividends. The assumptions used in our Black-Scholes option-pricing model represent management's best estimates at the time of measurement. These estimates are complex, involve a number of variables, uncertainties and assumptions and the application of management's judgment, as they are inherently subjective. If any assumptions change, our stock-based compensation expense could be materially different in the future. See Note 9 to our consolidated financial statements included elsewhere in this prospectus for information concerning certain of the specific assumptions we used in applying the Black-Scholes option pricing model to determine the estimated fair value of our stock options granted in the nine months ended September 30, 2018.

As of September 30, 2018, the unrecognized stock-based compensation expense related to employee stock options and unvested restricted stock was \$3.7 million and \$28.2 million, respectively, and is expected to be recognized as expense over a weighted-average period of approximately 4.0 years. The intrinsic value of all outstanding stock options as of September 30, 2018 was approximately \$      million, based upon the assumed initial public offering price of \$      per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, of which approximately \$      million related to vested options and approximately \$      million related to unvested options.

#### *Fair value of common stock*

We are required to estimate the fair value of the common stock underlying our stock-based awards when performing fair value calculations, which is the most subjective input into the Black-Scholes option pricing model. The fair value of the common stock underlying our stock-based awards was determined on each grant date by our board of directors, taking into account input from management and independent third-party valuation analyses. All options to purchase shares of our common stock are intended to be granted with an exercise price per share no less than the fair value per share of our common stock underlying those options on the date of grant, based on the information known to us on the date of grant. In the absence of a public trading market for our common stock, on each grant date we develop an estimate of the fair value of our common stock in order to determine an exercise price for the option grants. Our determinations of the fair value of our common stock were made using methodologies, approaches and assumptions consistent with the American Institute of Certified Public Accountants Audit and Accounting Practice Aid Series: *Valuation of Privately Held Company Equity Securities Issued as Compensation*, or the Practice Aid.

Our board of directors considered various objective and subjective factors, along with input from management, to determine the fair value of our common stock, including:

- valuations of our common stock performed by independent third-party valuation specialists;
- our stage of development and business strategy, including the status of research and development efforts of our product candidates, and the material risks related to our business and industry;

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- our results of operations and financial position, including our levels of available capital resources;
- the valuation of publicly traded companies in the life sciences and biotechnology sectors, as well as recently completed mergers and acquisitions of peer companies;
- the lack of marketability of our common stock as a private company;
- the prices of our convertible preferred stock sold to investors in arm's length transactions and the rights, preferences, and privileges of our convertible preferred stock relative to those of our common stock;
- the likelihood of achieving a liquidity event for the holders of our common stock, such as an initial public offering or a sale of our company, given prevailing market conditions;
- trends and developments in our industry; and
- external market conditions affecting the life sciences and biotechnology industry sectors.

Our valuations were prepared in accordance with the guidelines in the Practice Aid, which prescribes several valuation approaches for setting the value of an enterprise, such as the cost, income and market approaches, and various methodologies for allocating the value of an enterprise to its common stock. The cost approach establishes the value of an enterprise based on the cost of reproducing or replacing the property less depreciation and functional or economic obsolescence, if present. The income approach establishes the value of an enterprise based on the present value of future cash flows that are reasonably reflective of our company's future operations, discounting to the present value with an appropriate risk adjusted discount rate or capitalization rate. The market approach is based on the assumption that the value of an asset is equal to the value of a substitute asset with the same characteristics. Each valuation methodology was considered in our valuations. In determining a fair value for our common stock, we estimated the enterprise value of our business using either the market approach or the back-solve method. The back-solve method assigns an implied enterprise value based on the most recent round of funding or investment and allows for the incorporation of the implied future benefits and risks of the investment decision assigned by an outside investor. In accordance with the Practice Aid, we considered the various methods for allocating the enterprise value across our classes and series of capital stock to determine the fair value of our common stock at each valuation date. We only granted restricted stock awards prior to January 2018. From January 2018 to July 2018, we concluded that a hybrid of the Option Pricing Method, or OPM, and the guideline transaction method with current value method allocation, or CVM, was the most appropriate for each of the valuations of our common stock performed by our independent third-party valuation specialist. Under the OPM, shares are valued by creating a series of call options with exercise prices based on the liquidation preferences and conversion terms of each equity class. The values of the preferred and common stock are inferred by analyzing these options. Under the CVM, the enterprise value is calculated based on an assumed forced asset sale at a future date and the corresponding allocation of proceeds based on the rights and preferences of each class of equity. The valuations assigned a relative weighting to each of the OPM back-solve and asset sale scenarios, based on the likelihood that the Company would be able to successfully advance its development programs to the next development stage with its current capital resources. We believed this hybrid method was the most appropriate given the expectation of various potential liquidity outcomes and the difficulty of selecting appropriate enterprise values given our early stage of development, while allowing us to accurately capture the potential downside risk of our clinical-stage assets. In November 2018, we changed to a hybrid of the OPM and Probability-Weighted Expected Return Method, or PWERM. The PWERM is a scenario-based analysis that estimates the value per share based on the probability-weighted present value of expected future investment returns, considering each of the possible outcomes available to us, as well as the economic and control rights of each share class. Under this hybrid method, we considered the expected initial public offering liquidity scenario, but also used the OPM to capture all other scenarios in the event a near-term initial public offering does not occur.

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

### ***Recent accounting pronouncements***

See Note 2 to our consolidated financial statements included elsewhere in this prospectus for a description of recent accounting pronouncements applicable to our consolidated financial statements.

### ***Qualitative and quantitative disclosures about market risk***

Our primary exposure to market risk is interest rate sensitivity, which is affected by changes in the general level of U.S. interest rates, particularly because our investments, including cash equivalents, are in the form of U.S. Treasury securities and a money market fund that is invested in U.S. Treasury securities.

We are also exposed to market risk related to changes in foreign currency exchange rates. We contract with vendors that are located outside of the United States and certain invoices are denominated in foreign currencies. We are subject to fluctuations in foreign currency rates in connection with these arrangements. We do not currently hedge our foreign currency exchange rate risk. As of September 30, 2018 and December 31, 2017, we had minimal or no liabilities denominated in foreign currencies.

Inflation generally affects us by increasing our cost of labor and clinical trial costs. We do not believe that inflation had a material effect on our business, financial condition or results of operations during the year ended December 31, 2017 or nine months ended September 30, 2018.

### ***JOBS Act***

As an emerging growth company under the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, we can take advantage of an extended transition period for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected not to avail ourselves of this exemption and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies. We intend to rely on other exemptions provided by the JOBS Act, including without limitation, not being required to comply with the auditor attestation requirements of Section 404(b) of Sarbanes-Oxley.

We will remain an emerging growth company until the earliest of (i) the last day of the fiscal year following the fifth anniversary of the consummation of this offering, (ii) the last day of the fiscal year in which we have total annual gross revenue of at least \$1.07 billion, (iii) the last day of the fiscal year in which we are deemed to be a “large accelerated filer” as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our common stock held by non-affiliates exceeded \$700.0 million as of the last business day of the second fiscal quarter of such year, or (iv) the date on which we have issued more than \$1.0 billion in non-convertible debt securities during the prior three-year period.

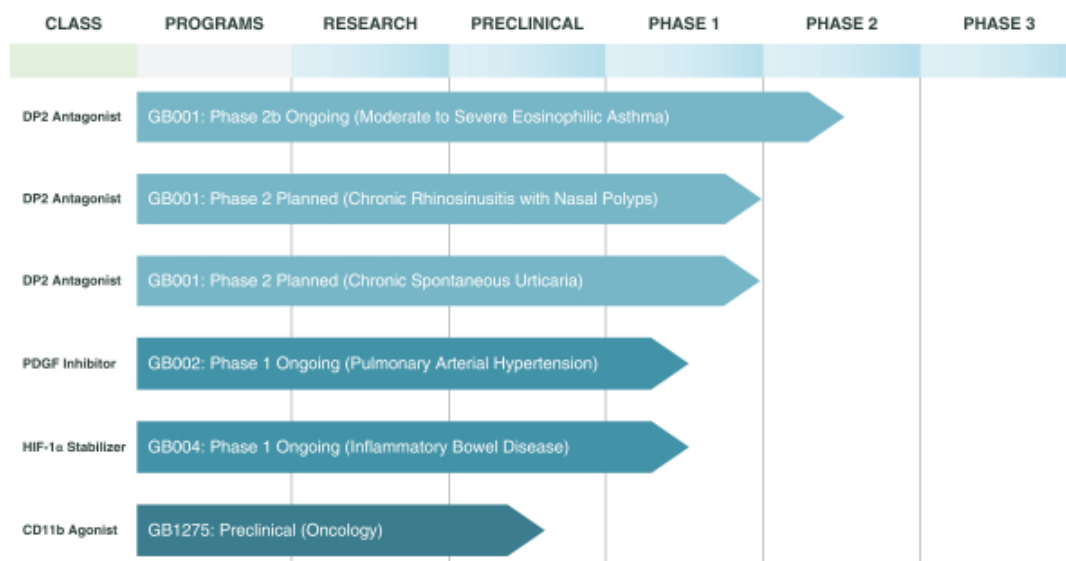
**BUSINESS**

**Overview**

We are a clinical-stage biopharmaceutical company focused on discovering, acquiring, developing and commercializing therapeutics in the disease areas of immunology, inflammation and oncology. Our goal is to be an industry leader in each of these therapeutic areas and to enhance and extend the lives of patients suffering from such diseases. To accomplish this goal, we have assembled a deeply experienced and highly skilled group of industry veterans, scientists, clinicians and key opinion leaders from leading biotechnology and pharmaceutical companies, as well as leading academic centers from around the world. Our collective immunology and translational discovery and development expertise serves as the foundation of our company. We intend to maintain a scientifically rigorous and inclusive corporate culture where employees strive to bring improved therapeutic options to patients.

We are pursuing product candidates with strong scientific rationale to address indications where there is both a high unmet need and an opportunity to develop best-in-class or first-in-class therapeutics. We currently have six programs: three clinical-stage product candidates and three preclinical programs. We commenced a Phase 2b clinical trial for our most advanced product candidate, GB001, in October 2018.

The following table summarizes our current programs:



**GB001 (DP2 Antagonist)**

GB001 is an oral antagonist of prostaglandin D<sub>2</sub> receptor 2, or DP2, in development for the treatment of moderate-to-severe eosinophilic asthma and other allergic conditions. Eosinophilic asthma is caused by high levels of white blood cells known as eosinophils and is associated with more severe symptoms, late-onset disease and resistance to steroid treatment. We estimate that approximately 50% of severe asthma patients in the United States have eosinophilic asthma. Despite the availability of new biologic therapies for these patients, asthma exacerbations remain a significant healthcare problem and unmet medical need. As of December 15, 2018, GB001 had been studied in 409 subjects in total and was generally well tolerated. In a Phase 2 clinical trial conducted in Japan, GB001 showed a statistically significant improvement in time-to-first asthma exacerbation compared to placebo. In a separate 248 subject Phase 2 clinical trial, neither treatment group, GB001 nor

montelukast, achieved the primary endpoint of improvement in forced expiratory volume in one second, or FEV<sub>1</sub>, as compared to placebo, which we believe was primarily related to study design and execution issues related to patient selection, including adherence to inhaled corticosteroid, or ICS, therapy eosinophilic phenotype thresholds and disease severity. A single serious adverse event deemed by the investigator likely to be related to study drug was observed in a Japanese patient who had received a 160 mg dose of GB001 in a Phase 1 clinical trial conducted by Teijin Pharma Limited, or Teijin. The patient had GB001 levels approximately three to five times higher than the other patients receiving the 160 mg dose, and the dose was significantly higher than the highest dose of 60 mg currently being evaluated in our ongoing Phase 2b clinical trial. We commenced a Phase 2b clinical trial in moderate-to-severe eosinophilic asthma in October 2018.

Furthermore, we believe that there are a number of indications along the allergic spectrum for which GB001 may provide benefit. Accordingly, we plan to pursue the parallel development of GB001 in chronic rhinosinusitis with nasal polyps, or CRSwNP, and chronic spontaneous urticaria, or CSU. We expect to initiate proof-of-concept Phase 2 clinical trials for these indications in 2019. We retain worldwide rights to GB001, excluding Japan.

#### ***GB002 (PDGF Receptor Kinase Inhibitor)***

GB002 is an orally inhaled, small molecule, selective platelet-derived growth factor, or PDGF, receptor kinase inhibitor in development for the treatment of pulmonary arterial hypertension, or PAH, an orphan disease with high unmet medical need. PAH is characterized by abnormally high pressure in the blood vessels transporting blood from the right side of the heart to the lungs and is a progressive and often fatal disease. In contrast to the three classes of marketed vasodilatory therapies for PAH, GB002 has the potential to be the first treatment with disease-modifying effects. Modulation of the PDGF pathway has been shown to be therapeutically relevant in PAH. In 2013, Novartis Pharmaceutical Corporation, or Novartis, announced results from a Phase 3 clinical trial in PAH of imatinib (Gleevec), a tyrosine kinase inhibitor with known activity against PDGF and marketed for oncology indications. These results were notable for not only achievement of statistically significant improvement in the study's primary efficacy endpoint, but also for systemic toxicities. To our knowledge, no further development of the drug has occurred in PAH. To date, these toxicities have not been observed with GB002 in our ongoing Phase 1 studies in healthy volunteers. We plan to commence a Phase 1b clinical trial in PAH in the first half of 2019 and a Phase 2/3 clinical trial in PAH in the second half of 2019. We retain worldwide rights to GB002. The U.S. Food and Drug Administration, or FDA, has granted GB002 orphan drug designation for the treatment of patients with PAH.

#### ***GB004 (HIF-1a Stabilizer)***

GB004 is a novel, gut-targeted, oral small molecule in development for the treatment of inflammatory bowel disease, or IBD, including ulcerative colitis, or UC, and Crohn's disease, or CD. GB004 stabilizes hypoxia inducible factor-1a, or HIF-1a, through the inhibition of prolyl hydroxylase domain proteins, or PHDs, key enzymes involved in HIF degradation. Preclinical data from animal models of IBD demonstrated that HIF-1a stabilization restores intestinal epithelial barrier integrity and function and results in immunomodulatory effects that we believe are important in reducing inflammation and enhancing mucosal healing in IBD patients. We have completed a Phase 1 single-ascending-dose, or SAD, study in healthy volunteers and are dosing healthy volunteers in a Phase 1 multiple-ascending-dose, or MAD, study. We plan to pursue clinical development in both UC and CD patients and, following submission of an Investigational New Drug, or IND, application with the FDA, initiate a Phase 1b clinical trial in UC in the first half of 2019. We also plan to initiate a Phase 2 clinical trial in UC in the first half of 2020. We retain worldwide rights to GB004.

#### ***Our Research Capabilities and Preclinical Programs***

We currently have three programs in preclinical development. GB1275 is an oral small molecule, CD11b agonist in preclinical development for the treatment of oncology indications for which we plan to submit

an IND application and, after acceptance, initiate a Phase 1 clinical trial in 2019. We are also currently evaluating a portfolio of novel BTK inhibitors for the treatment of autoimmune indications and small molecule cancer metabolism modulators for the treatment of solid tumors. We are continuing to build our research capabilities, specifically focusing on our areas of expertise within immunology, inflammation and oncology, in order to advance new programs into the clinic, as well as to optimize our existing programs.

## Our Team

Our founders and management team have held senior positions at leading biopharmaceutical companies, including Receptos, Inc., Genentech USA, Inc. (Roche), or Genentech, Bristol-Myers Squibb Company, GlaxoSmithKline LLC and Celgene Corporation, among others, and possess substantial experience and expertise across the spectrum of drug discovery, development and commercialization.

Sheila Gujrathi, M.D., our Co-Founder and President and Chief Executive Officer, was previously Chief Medical Officer of Receptos until its acquisition by Celgene in 2015, and has also served in senior leadership roles at Bristol-Myers Squibb and Genentech. Faheem Hasnain, our Co-Founder and Executive Chairman and former Chief Executive Officer, previously served as Chief Executive Officer at Receptos, and has over 30 years of senior leadership experience at both large and small biopharmaceutical companies. Luisa Salter-Cid, Ph.D., our Chief Scientific Officer, was previously the Head of Immunology Discovery at Bristol-Myers Squibb, having overseen immunology and immuno-oncology discovery efforts since 2005.

The development and operational expertise of our executive and senior scientific team will be essential as we execute on our strategy of building a large, diversified biopharmaceutical company to deliver significant value to both patients and shareholders.

## Our Strategy

We are a clinical-stage biopharmaceutical company focused on discovering, acquiring, developing and commercializing therapeutics in the disease areas of immunology, inflammation and oncology. Our goal is to be an industry leader in each of these therapeutic areas and to enhance and extend the lives of patients suffering from such diseases. Critical components of our business strategy include:

- **Create deep therapeutic centers of excellence by leveraging our immunology and translational discovery and development expertise.** We currently have six programs across the areas of immunology, inflammation and oncology. We will continue to build out our portfolio, focusing on these therapeutic areas, through both internal discovery and strategic transactions to create a diversified portfolio of early and late-stage product candidates.
- **Maximize the impact of our product candidates by expanding development across multiple indications.** We aim to focus our development efforts on product candidates that have the potential to treat multiple diseases and plan to develop them in additional indications where warranted. For example, we believe GB001 has the potential to be effective in a variety of allergic and inflammatory diseases beyond moderate-to-severe eosinophilic asthma, and we expect to initiate proof-of-concept Phase 2 clinical trials in CRSwNP and CSU in 2019. We also plan to develop GB004 in both UC and CD.
- **Expediently generate proof-of-concept data from our preclinical programs to facilitate value creation and efficient capital deployment.** We view our preclinical programs as important drivers of the long-term sustainability of our company. We plan to advance our preclinical programs to generate meaningful data to determine quickly whether each warrants clinical development.
- **Leverage the drug discovery, development and commercialization expertise of our world-class team.** Our executive management team and key scientific leaders have successfully discovered,



developed and commercialized small molecule and biologic agents at both large and small biopharmaceutical companies. We plan to utilize this deep, broad set of expertise and experiences as we execute on our in-house discovery and development strategies and evaluate new external acquisition opportunities.

## **Our Product Candidates**

### ***GB001 (DP2 Antagonist)***

GB001 is an oral DP2 antagonist in development for the treatment of moderate-to-severe eosinophilic asthma and other allergic conditions. As of December 15, 2018, GB001 had been studied in 409 subjects in total and was generally well tolerated. In a Phase 2 clinical trial conducted in Japan, GB001 showed a statistically significant improvement in time-to-first asthma exacerbation compared to placebo. We commenced a Phase 2b clinical trial in moderate-to-severe eosinophilic asthma in October 2018 and expect to conduct an interim analysis in the first half of 2020. If the interim analysis is positive, we plan on initiating a Phase 3 clinical trial thereafter. We have held a Type C meeting with the FDA to inform our Phase 2b and Phase 3 clinical trial design and endpoints. In addition, we plan to pursue the parallel development of GB001 in CRSwNP and CSU by initiating proof-of-concept Phase 2 clinical trials for these indications in 2019. We retain worldwide rights to GB001, excluding Japan.

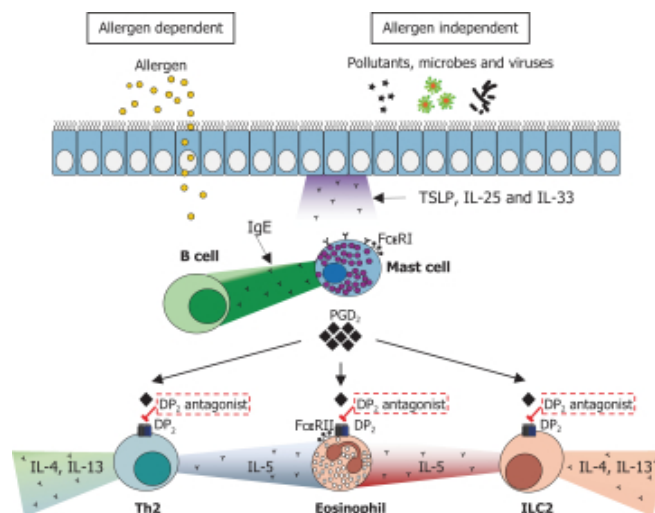
### **Mechanism of Action**

DP2, also known as CRTh2, is a receptor for prostaglandin D<sub>2</sub>, or PGD<sub>2</sub>, a lipid mediator produced mainly by mast cells. DP2 is primarily responsible for mediating the pro-inflammatory effects of PGD<sub>2</sub>, as depicted below in Figure 1, including:

- the activation of T helper 2, or Th2, cells, mast cells, basophils and eosinophils;
- the stimulation of type 2 cytokine production, including IL-4, IL-5 and IL-13, by Th2 cells; and
- the increased expression of adhesion molecules on eosinophils and basophils.

These pro-inflammatory effects contribute to airway constriction, swelling in the walls of the airways and mucous production at sites of allergic airway inflammation, all of which are hallmarks of the airway obstruction seen in asthma. The expression of DP2 is more common in patients with more severe disease, and, importantly, a significant proportion of severe asthma patients have eosinophilic inflammation.

**Figure 1. Mechanism of DP2 in Allergic Airway Inflammation**



Aberrant Th2 cell activation and resulting type 2 cytokine production have been shown to play a prominent role in various allergic and inflammatory disorders beyond eosinophilic asthma, including CRSwNP, CSU, eosinophilic esophagitis and atopic dermatitis.

DP2 antagonism has been clinically validated by Novartis' oral DP2 antagonist, fevipiprant, in a Phase 2 clinical trial. In this trial, both the 150 mg once-daily and 75 mg twice-daily doses demonstrated statistically significant improvements in FEV<sub>1</sub> compared to placebo in adult patients with asthma inadequately controlled with ICS. In addition, post hoc analyses of Phase 2 safety data related to asthma worsening, including exacerbations, appeared to demonstrate a reduction in the number of subjects experiencing an asthma event on fevipiprant compared to placebo. As of December 15, 2018, fevipiprant, at 150 mg once-daily and 450 mg once-daily doses, is being investigated by Novartis in six Phase 3 clinical trials in asthma patients.

GB001 has been shown in preclinical studies to be a selective antagonist of the DP2 receptor. GB001 binds reversibly to human DP2 with an affinity, or K<sub>i</sub>, of 1 to 2 nanomolar, significantly greater than its affinity for the other PGD<sub>2</sub> receptors. No significant activity was demonstrated in a standard selectivity panel of 90 other receptors and enzymes. GB001 has also shown a slow rate of disassociation from DP2, with a receptor residence time of 19.8 minutes, as measured by half-life. Additionally, in an *in vitro* assay, GB001 inhibited PGD<sub>2</sub> induced internalization of DP2. Combined with our observed human plasma half-life of 10 to 15 hours, we believe these measurements support the oral, once-daily dosing regimen of GB001.

#### Overview of Asthma

Asthma is a complex, chronic, highly heterogeneous inflammatory condition of the airways characterized by airflow obstruction, bronchial hyperactivity and airway inflammation. Symptoms of asthma, which can be fatal, are also called asthma exacerbations or attacks and include episodes of wheezing, breathlessness, chest tightness and coughing.

Patients are deemed to have intermittent, mild, moderate or severe disease based on the frequency and severity of their symptoms. Asthma can also be sub-categorized by the composition of the white blood cells that are causing inflammation in and around the airway wall. We estimate that approximately 50% of severe asthma patients have a phenotype called eosinophilic asthma, which is marked by an increase of eosinophils in the mucosal sputum that coats the airways. Eosinophils are immune cells that have been shown to play a major role

in inflammation and allergic response, and eosinophilic asthma is associated with more severe symptoms, late-onset disease and resistance to steroid treatment.

*Overview of the Asthma Market*

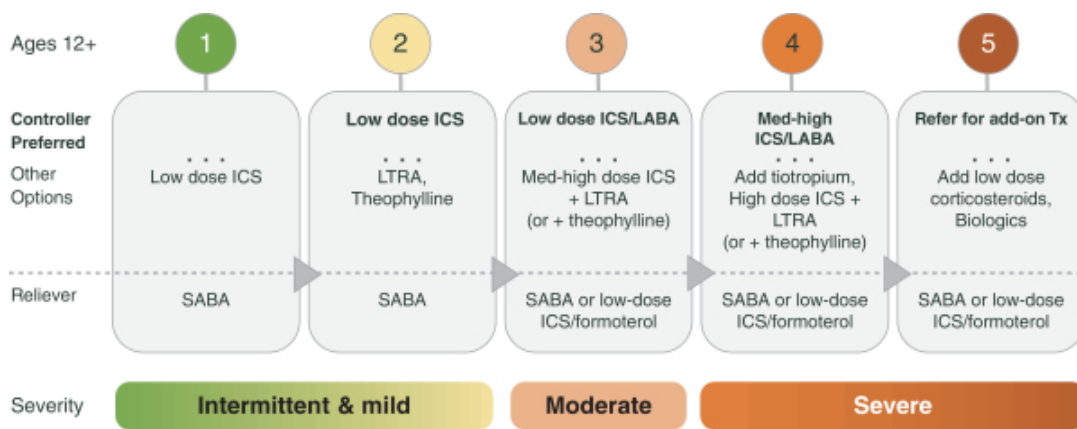
Asthma is a substantial, widespread condition afflicting more than 330 million patients worldwide and about 25 million patients in the United States. Approximately 25% and 12% of patients in the United States have moderate and severe disease, respectively, according to Datamonitor. The disease is responsible for more than \$50 billion in annual direct healthcare costs in the United States and results in an estimated 420,000 and 3,500 deaths per year worldwide and in the United States, respectively.

Total asthma drug sales in the U.S. market were approximately \$7.9 billion in 2017 and are projected to reach \$13.9 billion by 2026, according to Datamonitor. Nearly \$5.6 billion of the estimated \$13.9 billion in sales is attributable to biologic therapies. In the future, we believe asthma market growth may be driven by increasing disease diagnosis and new biologic and small molecule agents entering the market.

*Treatment Paradigm in Asthma*

The treatment guidelines for asthma, depicted below for adolescents and adults in Figure 2, is a step-up paradigm.

**Figure 2. Treatment Guidelines for Asthma**



LABA = long-acting beta agonist; LTRA = leukotriene receptor antagonist; SABA = short-acting beta agonist

The goals of the step-up treatment paradigm are to achieve long-term control of asthma symptoms, minimize the use of SABAs and maintain near-normal lung function and activity levels. Reduction in asthma exacerbations is the primary endpoint predominantly used in new product development in asthma, while surrogate endpoints for improvements in lung function are commonly used as supportive secondary endpoints. Biologics, including the recently approved IL-5 and IL-4/IL-13 antibodies, are typically used only in the most refractory, severe patients. We believe this is because of their route of administration through either subcutaneous (omalizumab, mepolizumab, benralizumab and dupilumab) or intravenous (reslizumab) injection, high cost and concerns about potential adverse events.

While the recent introduction of biologic agents has altered the course of treatment for refractory, severe patients, the last major change in the treatment paradigm for mild or moderate asthma came with the 1998 FDA approval of Singulair (montelukast), an LTRA, which became the top controller therapy for asthma. Worldwide

sales for Singulair peaked at approximately \$5.5 billion in 2011, prior to the entry of generic competition. Singulair's profile as an effective oral drug with a well-understood safety profile made it an attractive option for patients across the severity spectrum despite inferior efficacy, as measured by asthma exacerbations rate reduction, compared to that of the biologic agents. The success of Singulair highlights the unmet need and opportunity in the asthma market for safe and effective, orally-administered therapies.

### *GB001 Product Differentiation*

We believe there is a significant market opportunity for improved and effective oral therapies in moderate-to-severe asthma with consistent safety and tolerability profiles that can be used prior to biologics. Published Phase 2 clinical trial results for fevipiprant appear to be comparable to the anti-inflammatory effects demonstrated by certain biologics in clinical studies. We believe oral options are generally preferred to biologics due to their route of administration, which leads to improved patient adherence. Furthermore, oral administration is especially important as children and adolescents are frequent sufferers of asthma. We believe GB001 as an oral agent has the potential to reduce asthma exacerbations and improve lung function, and thereby could be positioned as a pre-biologic treatment alternative.

### *Clinical Development History of GB001*

We acquired GB001 through our acquisition of Pulmagen Therapeutics (Asthma) Limited, or Pulmagen, a wholly-owned subsidiary of our AA BioPharma Inc. subsidiary, in January 2018, after its partner, Teijin, completed a positive Phase 2, proof-of-concept clinical trial in Japanese patients. We have rights outside of Japan to all of the data from the two Phase 2 clinical trials conducted by Pulmagen and Teijin described below. As of December 15, 2018, 409 subjects have received at least one dose of GB001.

#### *Summary of Completed Pulmagen Phase 2 Clinical Trial*

In December 2014, Pulmagen completed a Phase 2 clinical trial of GB001, the primary objectives of which were (1) to evaluate the safety and efficacy of 20 mg GB001 once daily compared to placebo and an active comparator, montelukast, over a 10-week treatment period and (2) to evaluate the effect of the co-administration of 10 mg montelukast once daily with GB001 treatment in a two-week extension. The primary endpoint was improvement in FEV<sub>1</sub> over 10 weeks. The study enrolled 248 patients with mild to moderate asthma that were uncontrolled on low- or medium-dose ICS, randomized 1:1:1 to placebo, 20 mg GB001 once daily and 10 mg montelukast once daily. Patients were put on a standard medium-dose of ICS in a four week lead-in to the study, during which they were also removed from their LABA, if applicable.

GB001 was generally well tolerated with a treatment emergent adverse event, or TEAE, rate similar to placebo, but the study did not meet its primary endpoint. Notably, neither the active comparator, montelukast, nor GB001, showed statistically significant differences in FEV<sub>1</sub> improvement as compared to placebo. We believe the lack of statistically significant differences between the active treatment arms and placebo was primarily related to study design and execution issues related to patient selection, including adherence to ICS therapy, eosinophilic phenotype thresholds and disease severity.

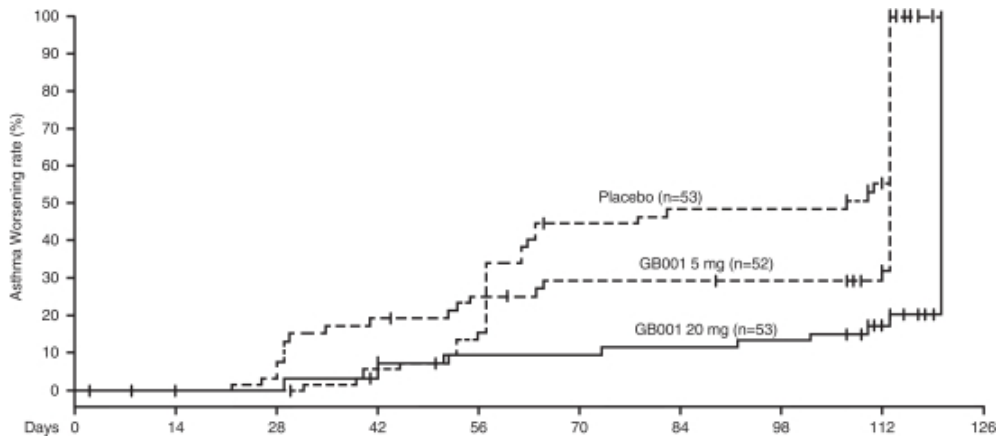
#### *Summary of Completed Teijin Phase 2 Clinical Trial*

In December 2016, Pulmagen and Teijin announced results from a Phase 2 clinical trial of GB001 conducted by Teijin in Japan. The trial was a double-blind, randomized, placebo-controlled, multi-center study, enrolling 158 patients with mild to moderate eosinophilic asthma who were using LABA and/or medium-dose ICS to control their disease. Patients on LABA discontinued its use upon entry to the trial, and all patients were brought to a standardized medium dose of ICS for a four week lead-in period. Patients were then randomized 1:1:1 to one of two dose arms of GB001, 5 mg or 20 mg once daily, or to placebo in combination with a low dose of ICS for four weeks. Following this period of combination with low-dose ICS, use of ICS was discontinued,

and patients continued taking GB001 or placebo for 12 weeks. The primary endpoint of the trial was change in morning peak expiratory flow, or AM PEF, a measure of lung function, from baseline to the last visit, marked as study completion or termination from the trial.

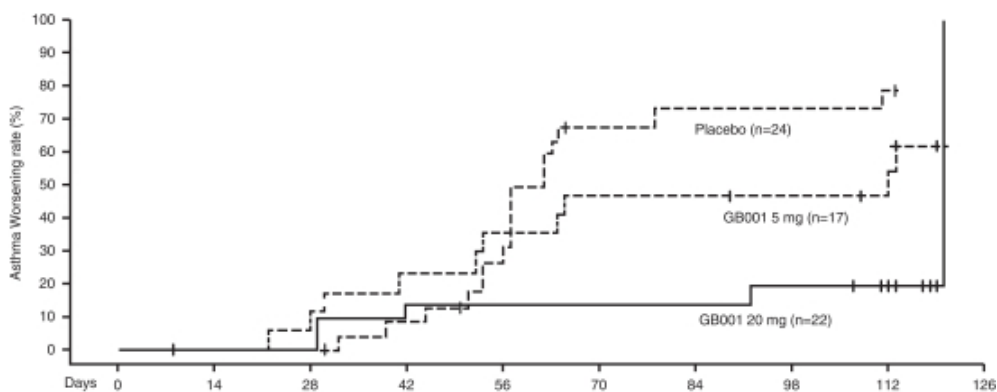
A total of 91 patients completed the trial, with the dropout rate higher in the placebo arm (62%), as compared to the GB001 arms (40%, 5 mg; 25%, 20 mg). A statistically significant difference was seen in the AM PEF between placebo and both arms of GB001 ( $p = 0.015$ , 5 mg;  $p = 0.027$ , 20 mg). The p-value is the probability that the difference between two data sets was due to chance. The smaller the p-value, the more likely the differences are not due to chance alone. In general, if the p-value is less than or equal to 0.05, the outcome is statistically significant. The FDA's evidentiary standard of efficacy generally relies on a p-value of less than or equal to 0.05. In addition, time-to-first asthma worsening, a key secondary endpoint, reached statistical significance for the 20 mg dose arm versus placebo ( $p < 0.001$ ). Asthma worsening in this trial was defined as a composite measure to help characterize overall asthma exacerbations. Figure 3 below presents the improvement in time-to-first asthma worsening of patients as measured by the asthma worsening rate.

**Figure 3. Improvement in Time-To-First Asthma Worsening of Patients with Mild to Moderate Eosinophilic Asthma**



The dose response in the time-to-first exacerbation was even more pronounced in the subgroup of patients with high blood eosinophils, defined as those with greater than 300 cells per microliter ( $\mu\text{L}$ ), as shown below in Figure 4.

**Figure 4. Pronounced Improvement in Time-To-First Asthma Worsening of Patients with High Blood Eosinophils**



Subgroup analyses demonstrated patients with high blood eosinophils at baseline treated with the 20 mg dose of GB001 also had statistically significant improvement in FEV<sub>1</sub> compared with placebo (p = 0.016). GB001 was well tolerated in this trial, with an adverse event profile consistent with placebo, including nasopharyngitis, gastrointestinal disorders and measures of blood and liver markers. No serious adverse events, or SAEs, were observed in the GB001 treatment arms.

These results showed a clear, dose-dependent response to treatment with GB001, both in measures of lung function and asthma exacerbation reduction.

*Summary of Pulmagen and Teijin Phase 1 Clinical Trials*

In Phase 1 studies conducted by Pulmagen and Teijin, GB001 demonstrated safety and pharmacodynamic, or PD, parameters consistent with the DP2 drug class.

Most TEAEs were mild or moderate and were considered not related to study drug. A single SAE deemed by the investigator likely to be related to study drug was observed in a Japanese patient who had received a 160 mg dose of GB001, which is eight times higher than the highest dose Teijin tested in its Phase 2 clinical trial conducted in Japan. The patient experienced intrahepatic cholestasis, a liver disorder, which resolved after treatment discontinuation. At the time of the intrahepatic cholestasis, the patient had GB001 levels approximately three to five times higher than other patients receiving the 160 mg dose. Other than this SAE, there were no laboratory testing, physical exam or electrocardiographic findings that were considered to be clinically significant and related to GB001.

*Ongoing Phase 2b Eosinophilic Asthma Clinical Trial*

We commenced a Phase 2b clinical trial of GB001 in moderate-to-severe eosinophilic asthma in October 2018, and we expect to conduct an interim analysis of the results of this trial in the first half of 2020. We have designed this trial to efficiently assess proof-of-principle and help enable rapid transition to Phase 3 clinical trials, and we have held a Type C meeting with the FDA to inform our trial design and endpoints. We plan on enrolling 480 patients in the study in a 1:1:1:1 randomized to three GB001 dose arms of 20 mg, 40 mg and 60 mg per day and one placebo arm with once-daily dosing.

We believe that we have designed our trial in a manner to address the potential shortcomings of the Pulmagen Phase 2 clinical trial, in that:

- the study population will consist of more severe patients than those enrolled in the Pulmagen Phase 2 clinical trial;

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- enrollment inclusion criteria will be based on a history of asthma exacerbations within the last year;
- enrolled patients will be required to have moderate-to-severe asthma with eosinophil counts greater than or equal to 250 cells/ $\mu$ L; and
- enrolled patients will be closely monitored during the run-in period to help ensure that the lack of adherence to background therapy is not a contributing factor for their poorly controlled asthma.

The primary endpoint is reduction in asthma worsening from baseline, assessed at week 24, with an additional four weeks of follow-up. The parameters included in the asthma worsening composite primary endpoint include changes in FEV<sub>1</sub>, AM PEF, rescue medication use and asthma control and severe asthma exacerbations. We will also assess FEV<sub>1</sub> independently as a secondary efficacy measure.

We plan to conduct an interim analysis after approximately 320 patients complete the 24-week treatment period, and we expect the results of this interim analysis to be available in the first half of 2020. If the results obtained in the interim analysis support further development, we plan on initiating our first Phase 3 clinical trial thereafter. We expect to report full data from the Phase 2b clinical trial in the second half of 2020. If the full data support further development, we will initiate a second Phase 3 clinical trial.

### *Clinical Development Plan in Additional Indications*

Because DP2 plays a central role in the activation of Th2 cells, we believe GB001 could be effective in the treatment of other Th2-associated allergic and inflammatory disorders, such as CRSwNP, CSU, eosinophilic esophagitis and atopic dermatitis. Based on unmet medical need and a review of the mechanistic rationale and market opportunities, we have decided to initially pursue further development in CRSwNP and CSU in parallel with our eosinophilic asthma program.

#### *Chronic Rhinosinusitis with Nasal Polyps*

CRS is a debilitating disorder marked by persistent symptoms including congestion, stuffiness, nasal discharge, pain or facial pressure, impairment or loss of the sense of smell (anosmia), cough and fatigue. Mast cells and eosinophils are involved in allergic forms of chronic nasal inflammation, including CRS. Nasal polyps are a type 2 cytokine driven inflammatory process, and in Caucasians, eosinophils are the predominant inflammatory cell. Approximately 80% of patients in Western countries with CRSwNP have eosinophilic upper airway inflammation.

CRS is associated with an increased risk for late-onset asthma, suggesting significant overlap in the underlying pathology of the diseases. PGD<sub>2</sub> has been correlated with the recruitment and activation of Th2 cells in nasal polyps, and type 2 cytokines, such as IL-4, IL-5 and IL-13, have been shown to play a pivotal role in nasal polyp formation. Among others, clinical studies of anti-IL-5 and anti-IL-4 receptor antibodies and an anti-immunoglobulin E, or anti-IgE, antibody are currently being studied in CRSwNP by other biopharmaceutical companies.

According to a 2014 study, annual direct costs related to CRS were estimated to be \$6.9 to \$9.9 billion worldwide. The prevalence of CRSwNP is estimated to be 4% of the U.S. population, or approximately 13 million individuals. CRSwNP patients represent 25 to 30% of total CRS patients. CRSwNP patients are initially treated with intranasal corticosteroids. When patients fail intranasal corticosteroids, oral corticosteroids typically serve as the next line of therapy, although this treatment provides only two to four weeks of benefit while causing systemic side effects such as reduced glucose tolerance, osteoporosis and weight gain. Failure to control symptoms with corticosteroids presents the need for potential surgical intervention. A long-term study of post-surgical patients showed that nearly 80% of patients had polyps recur at least once, and 36% of patients required an additional surgery. We believe a significant number of patients in the United States are inadequately controlled with standard-of-care steroid treatment.

We plan to commence a Phase 2 proof-of-concept trial in adult patients with CRSwNP in 2019 and expect data to read out in 2020.

#### *Chronic Spontaneous Urticaria*

Chronic urticaria, or CU, is characterized by the recurring eruption of transient, itchy, red welts on the skin. Patients with CU are often severely impaired in their quality of life, including negative effects on sleep, daily activities, school/work life and social interactions. Urticaria symptoms are caused by degranulation of dermal mast cells, and an allergic-mediated response is believed to contribute to mast cell activation in many cases. One of the most common forms of CU is CSU, previously known as the idiopathic form, or chronic idiopathic urticaria. In CSU patients, an underlying trigger for the skin lesions cannot be identified, thus making it impractical to employ a therapeutic strategy that relies on avoidance of causative environmental exposures. A published estimate of the U.S. prevalence of CSU ranged from 0.5% to 1.0% of the population, and approximately 20% of patients, or approximately 300,000 to 600,000 patients, have symptoms for more than five years.

The current treatment guidelines for the management of all forms of urticaria recommend the use of non-sedating oral H1-antihistamines as first-line therapy. For patients that do not respond to standard doses of H1-antihistamines, doses are increased by as much as four times. Though this can increase the response rates, side effects may also increase. Patients that do not respond to or are unable to tolerate high dose antihistamines have few remaining options. For antihistamine refractory patients with CSU, the only currently approved treatment is the biologic agent, omalizumab.

We plan to commence a Phase 2 proof-of-concept trial in adult patients with CSU in 2019 and expect data to read out in 2020.

#### **GB002 (PDGF Receptor Kinase Inhibitor)**

GB002 is an orally inhaled, small molecule, PDGF receptor kinase inhibitor in development for the treatment of PAH. In contrast to the three classes of marketed vasodilatory therapies for PAH, GB002 has the potential to be the first treatment with disease-modifying effects. Inhaled GB002, which is designed to act on both isoforms of the PDGF receptor,  $\alpha$  and  $\beta$ , has inhibited and reversed cell overgrowth in lung blood vessels in PAH animal models. In 2013, results from a Phase 3 clinical trial in PAH of imatinib (Gleevec), an oral tyrosine kinase inhibitor with known activity against PDGF and marketed for oncology indications, showed statistically significant improvement in its primary efficacy endpoint, thus providing mechanistic validation, but systemic toxicities were also observed. To date, these toxicities have not been observed with GB002 in our ongoing Phase 1 studies in healthy volunteers. We have received FDA feedback through Type C meeting interactions to inform our Phase 2/3 clinical trial design and endpoints. We plan to commence a Phase 1b clinical trial in PAH in the first half of 2019 and a Phase 2/3 clinical trial in PAH in the second half of 2019. We in-licensed GB002 from Pulmokine, Inc. in 2017 and retain worldwide rights. The FDA has granted GB002 orphan drug designation for the treatment of patients with PAH.

#### *Mechanism of Action*

PAH is driven by abnormal cellular proliferation within and around the small blood vessels of the lung that carry blood from the right side of the heart to the lungs. Functional and structural changes in the pulmonary vasculature, known as vascular remodeling, can lead to smooth muscle cell proliferation and migration from the middle layer of the blood vessel into the inner layer. This can result in the development of plexiform and neointimal lesions that can obstruct blood flow. The obstruction of blood flow in the pulmonary vessels can also predispose patients to thrombosis, or blood clots, within these small pulmonary vessels that further blocks blood flow. This progressive obstruction of blood flow from the right side of the heart to the lungs can cause the right ventricle to fail, thus leading to severe breathlessness, reduced exercise tolerance and death.

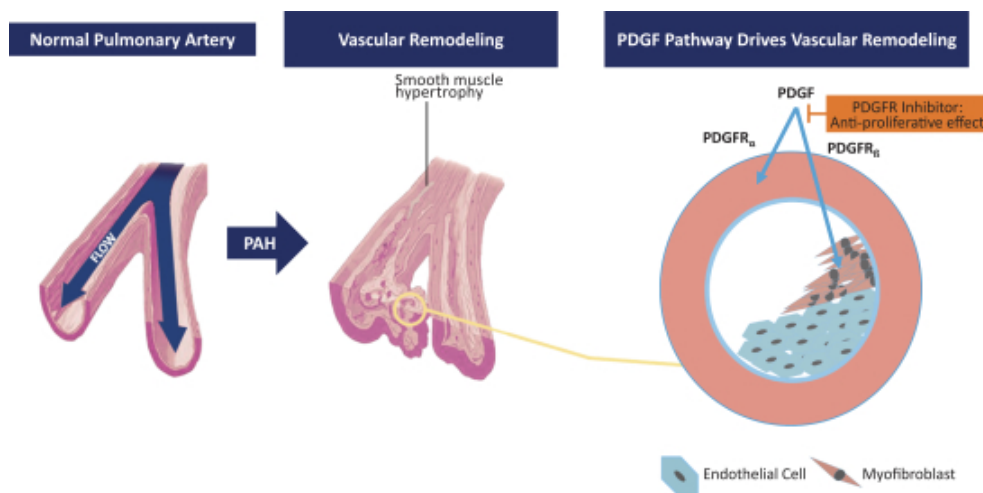


The PDGF receptor is a tyrosine kinase receptor which, when activated by its agonist, induces cellular proliferation. PDGF expression is known to be particularly important to stimulating smooth muscle cell proliferation in PAH. Further supporting this mechanism, PDGF receptors and their ligands are both upregulated in PAH. Upregulated PDGF signaling results in endothelial cell and fibroblast dysfunction and the proliferation and migration of smooth muscle cells. This effect results in the overgrowth and occlusion of blood vessels in the lung. Kinase inhibitors with activity against the PDGF pathway have shown the ability to reverse PAH in animal models.

Inhaled GB002 is designed to act on both isoforms of the PDGF receptor, a and b. Data from preclinical animal models and human lung histology from PAH patients suggests that it is important to inhibit both of these isoforms of the PDGF receptor. PDGF receptor a is highly expressed in pulmonary arteriole vascular smooth muscle cells, or PAVSMCs. Inhibiting PDGF receptor a may help reduce the abnormal cell proliferation of PAVSMCs that results in blood vessel thickening. PDGF receptor b is more highly expressed in fibroblasts and myofibroblasts that are involved with the abnormal cell proliferation within the blood vessel that leads to the obstruction of the pulmonary arterioles. We believe inhibiting PDGF receptor b is therefore important in decreasing the abnormal cell proliferation of these cell types.

Figure 5 below shows the key role of the PDGF pathway in pulmonary vascular remodeling and the disease pathogenesis of PAH.

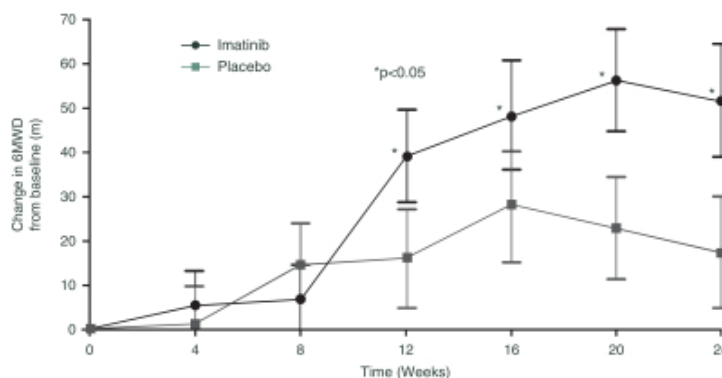
**Figure 5. PDGF Pathway in Pulmonary Vascular Remodeling**



Mechanistic validation of a PDGF receptor kinase inhibitor has been observed in studies of imatinib (Gleevec), an oral tyrosine kinase inhibitor with known activity against the PDGF receptor kinase, that demonstrated proof-of-concept in humans in a Phase 3 clinical trial in PAH.

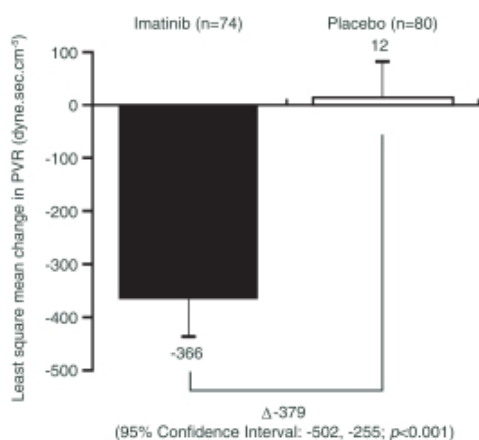
The IMPRES trial was a Phase 3 clinical trial conducted by Novartis of imatinib (Gleevec) in PAH. Gleevec is currently approved in certain oncology indications. Imatinib has known activity against multiple tyrosine kinases, including the PDGF and c-KIT receptors and c-ABL. 202 patients were enrolled in the IMPRES trial, of which 41% had been treated with prostanoids, oral phosphodiesterase type 5, or PDE5, inhibitors and oral endothelin receptor agonists, or ERAs. As shown in Figure 6 below, the study met its primary endpoint, improvement in six-minute walk distance, or 6MWD, versus placebo at week 24 from baseline, with statistical significance ( $p = 0.002$ ).

**Figure 6. Improvement in Six-Minute Walk Distance of PAH Patients Treated with Imatinib**



As shown in Figure 7 below, patients on imatinib also demonstrated statistically significant improvements in measures of hemodynamics, including pulmonary vascular resistance, or PVR, a standard measurement in the evaluation of patients with PAH.

**Figure 7. Improvement in Pulmonary Vascular Resistance of PAH Patients Treated with Imatinib**



However, systemic adverse events such as bleeding and poor tolerability led to a high drop-out rate within the active arm of the trial. Subdural hematomas occurred in eight patients who were also being administered oral anticoagulants during the study. Novartis withdrew its supplemental regulatory applications in PAH in 2013 and, to our knowledge, did not pursue further development of imatinib in the indication.

### Overview of Pulmonary Arterial Hypertension

PAH is an orphan disease that is characterized by abnormally high blood pressure in the blood vessels carrying deoxygenated blood from the right side of the heart to the lungs and is progressive and often fatal. Symptoms include shortness of breath at rest or with minimal exertion. Other symptoms include fatigue, chest pain, dizzy spells and fainting. The progressive nature of this disease causes the right side of the heart to work much harder and eventually weaken or fail.

Patients are often evaluated by functional class, which categorizes patients by their ability to carry out physical activity and symptom severity. Worsening symptoms, and thus higher numbered functional classes, are

associated with higher mortality. The four functional classes established by the World Health Organization are detailed below in Table 1.

**Table 1. PAH Functional Classes**

<b>Functional Class</b>	<b>Description</b>
Class I	Patients with PAH, but without resulting limitation of physical activity. Ordinary physical activity does not cause undue dyspnea or fatigue, chest pain or near syncope.
Class II	Patients with PAH resulting in slight limitation of physical activity. They are comfortable at rest. Ordinary physical activity causes undue dyspnea or fatigue, chest pain or near syncope.
Class III	Patients with PAH resulting in marked limitation of physical activity. They are comfortable at rest. Less than ordinary activity causes undue dyspnea or fatigue, chest pain or near syncope.
Class IV	Patients with PAH with inability to carry out any physical activity without symptoms. These patients manifest signs of right heart failure. Dyspnea and/or fatigue may even be present at rest. Discomfort is increased by any physical activity.

Additionally, recent medical society guidelines have identified intermediate and high-risk categories of PAH based on several variables including signs of right heart failure, rate of symptom progression, functional class, 6MWD, maximum oxygen consumption, NTproBNP, which is a biomarker for heart failure, and measures of right heart function.

Despite the introduction of many new therapies over the last several years, PAH continues to have a high morbidity and mortality. Based on registry data, newly diagnosed functional class III and IV patients have 5-year survival rates of 60% and 44%, respectively, while rates for previously diagnosed patients were even lower at 57% and 27%, respectively.

#### *Overview of PAH Market*

Diagnosed PAH prevalence in the United States is approximately 53,000 patients, and prevalence is highest among women between the ages of 30-60. The number of diagnosed PAH patients continues to increase, and we believe this increase is likely due to enhanced awareness and diagnosis of the disease. Total PAH drug sales worldwide in 2016 were estimated at approximately \$5.6 billion and are expected to exceed \$6.0 billion by 2019.

#### *Treatment Paradigm in PAH*

Current PAH therapies consist of three classes of vasodilators: PDE5 inhibitors and guanylate cyclase stimulators, ERAs, and prostanoids. PDE5 inhibitors are often used in combination with ERAs as an early treatment strategy. In patients who fail to respond to combination therapy of an ERA and a PDE5, it is common practice to add a prostanoid. Prostanoids are also commonly used to treat patients with evidence of right heart failure. While existing treatments have led to significant improvements in time to clinical worsening and other composite endpoints in PAH patients, none directly alter the underlying disease process. The effect of vasodilation, while improving blood flow through the lungs, may eventually be overtaken by worsening cellular proliferation and arterial remodeling underlying the condition. We believe an agent with disease-modifying characteristics that safely addresses the underlying cellular overgrowth could provide utility across functional classes and risk categories.

### *GB002 Product Differentiation*

GB002 is an orally inhaled PDGF receptor kinase inhibitor designed to build on the evidence of efficacy seen in trials of imatinib while overcoming imatinib's observed systemic safety issues. GB002 was designed with a higher degree of selectivity as compared to imatinib. GB002 has increased potency against the PDGF receptor-b isoform, similar potency against the PDGF-a isoform, and less activity against c-ABL. We believe GB002 has the potential to be a differentiated PDGF-targeted therapeutic that is designed to potentially provide:

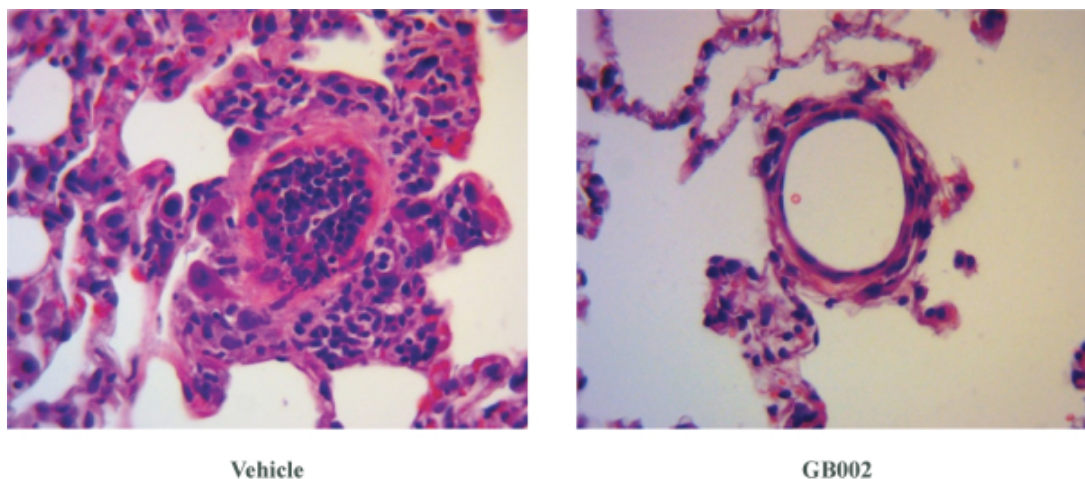
- an improved response to PDGF-driven abnormal cell proliferation in pulmonary arteries by addressing the underlying mechanism that leads to arterial wall thickening, rather than resultant vasodilation;
- a more tolerable safety profile than imatinib due to the direct delivery to the lungs, as supported by the absence adverse bleeding observed to date in toxicology programs or Phase 1 studies; and
- a convenient, simple and portable inhalation methodology and delivery system.

### *Clinical Development History of GB002*

#### *Summary of Preclinical Program*

GB002 inhibits both PDGF a and b, and inhibited and reversed cell overgrowth in lung blood vessels in PAH in a rat model, as shown below in Figure 8. This rat model replicates many features of human PAH, including the abnormal cell proliferation that can block the small vessels of the lung. GB002 substantially reduced the occlusive lesions in the small lung blood vessels in this model. Additionally, in this model, GB002 demonstrated a statistically significant reduction in right ventricular systolic pressure as compared to placebo.

**Figure 8. Reversed Vascular Remodeling by GB002 Through Inhibition of PDGF**



#### *Summary of Ongoing Phase 1 Study*

We are currently conducting Phase 1a SAD and MAD double-blind, placebo-controlled, randomized studies of orally inhaled GB002 in healthy adult volunteers. In the SAD portion of the study, we have completed five dosing cohorts, each consisting of six volunteers on active drug and two on placebo. We have assessed pharmacokinetics, or PK, parameters and safety. No treatment-related safety issues have been reported during the

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study to date. We have completed dosing for the three cohorts in the MAD portion of the study, in which healthy volunteers receive doses of GB002 or placebo for seven days. As of December 15, 2018, no treatment-related safety issues have arisen during the study.

### *Summary of Planned Phase 1b Clinical Trial*

We expect to commence a Phase 1b ascending dose, single-blind, placebo-controlled, randomized trial of GB002 in functional class II and III PAH patients in the first half of 2019. We plan to enroll two to three cohorts of approximately eight patients each and follow patients for two weeks of dosing. The primary goal of the trial is to assess safety, and we also intend to assess certain PK/PD measurements in patients. We anticipate reporting data from our Phase 1b clinical trial in PAH in the first half of 2020.

### *Planned Phase 2/3 PAH Clinical Trial*

We plan to commence a randomized, double-blind, placebo-controlled Phase 2/3 clinical trial in functional class III and IV PAH patients in the second half of 2019. We have received FDA feedback through Type C meeting interactions to inform our Phase 2/3 clinical trial design and endpoints. Our planned primary endpoint is the change from baseline in pulmonary vascular resistance at week 24. Key planned secondary endpoints include change from baseline to week 24 in 6MWD and NTproBNP. If we meet the primary endpoint and observe a favorable trend in the key secondary endpoints with a tolerable safety profile, we plan to discuss the possibility of expedited pathways for review and approval with the FDA. We anticipate reporting topline data from our Phase 2/3 clinical trial in PAH in the second half of 2021.

### **GB004 (HIF-1a Stabilizer)**

GB004 is a novel, gut-targeted, oral small molecule being developed for the treatment of IBD including UC and CD. GB004 stabilizes HIF through the inhibition of HIF PHDs, key enzymes involved in HIF degradation. Preclinical data from animal models of IBD demonstrated that HIF-1a stabilization restores intestinal epithelial barrier integrity and function, and results in immunomodulatory effects that we believe are important in reducing inflammation and enhancing mucosal healing in IBD patients. We have completed a Phase 1 SAD study in healthy volunteers and are currently dosing healthy volunteers in a Phase 1 MAD study. We plan to pursue clinical development in both UC and CD patients and, following an IND submission with the FDA, initiate a Phase 1b clinical trial in UC in the first half of 2019. We also plan to initiate a Phase 2 clinical trial in UC in the first half of 2020. We in-licensed GB004 from Aerpio Pharmaceuticals, Inc., or Aerpio, in June 2018 and retain worldwide rights.

### *Mechanism of Action*

HIFs have an important role in protecting cells from low oxygen levels. PHDs are enzymes that hydroxylate HIFs when oxygen levels are normal. At low oxygen levels, the activity of PHDs are inhibited, and HIFs are stabilized. Stabilized HIFs subsequently activate the expression of genes that protect cells and promote the healing of tissue that has been injured. Pharmacological inhibition of PHDs can replicate the effects of low oxygen levels on HIF stabilization.

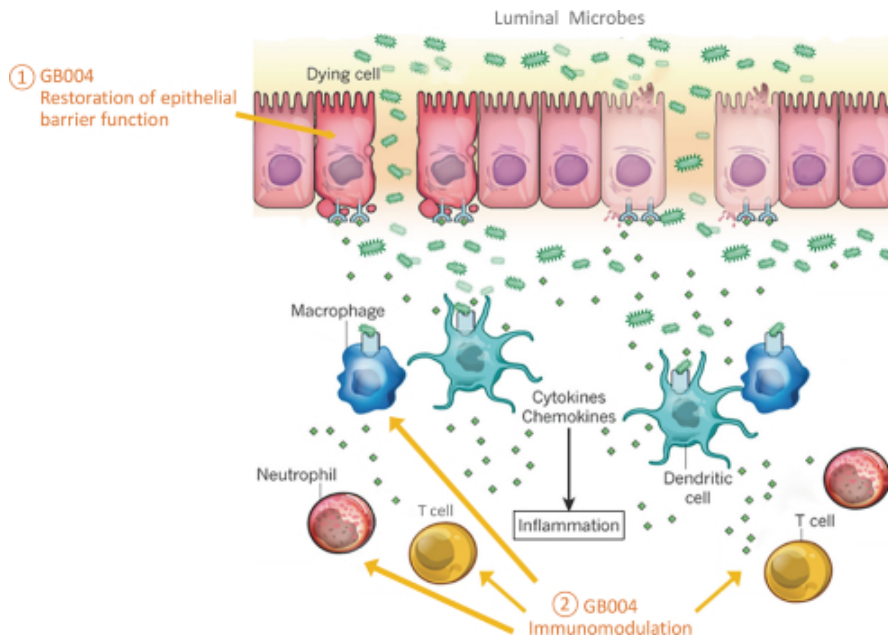
IBD represents a state of chronic tissue injury. In IBD animal models, stabilizing HIF through the inhibition of PHD promoted the restoration of intestinal epithelial barrier function and reduction of inflammation. GB004 is a PHD inhibitor designed to be gut-targeted with higher intestinal exposure than systemic exposure. GB004 has also demonstrated greater accumulation of HIF-1a than HIF-2a in IBD animal models. Systemically active PHD inhibitors, which stabilize HIF-2a thereby increasing systemic erythropoietin, or EPO, production by the liver and kidney, are under development for the treatment of anemia in chronic kidney disease. By contrast, the use of orally administered GB004, which stabilized HIF-1a in an IBD animal model, did not result in higher red blood cell counts or a clinically significant increase in plasma EPO levels. We believe this is likely a consequence of both the limited systemic exposure of oral GB004 and its predominately selective inhibition of PHDs that stabilize HIF-1a.

*Gut-targeting*

In animal models of IBD, the reduction in inflammation was similar between oral and intravenously- administered GB004. Oral administration resulted in lower systemic exposure and greater accumulation of HIF-1a than HIF-2a without an increase in EPO, blood count or HIF-mediated effects outside of the gastrointestinal, or GI, tract, including in the heart, kidney, and liver. Other data in non-diseased animals have also shown that orally delivered GB004 preferentially concentrated in the GI tract at a rate many times higher than in other organs, such as the heart, kidney or liver.

Figure 9 below depicts the proposed mechanism of action of GB004.

**Figure 9. Mechanism of PHD Inhibitor to Restore Epithelial Barrier Function**



GB004's potential beneficial effects in IBD can be broken into two categories: restoration of epithelial barrier function and immunomodulation.

*Restoration of Epithelial Barrier Function*

HIF-1a expression leads to increases in genes known to promote epithelial integrity and mucosal barrier function. GB004 stabilizes HIF-1a, promoting healing of the intestinal epithelial barrier. The treatment of 2,4,6-trinitrobenzenesulfonic acid (TNBS) colitis mouse models with GB004 demonstrated statistically significant restitution of the epithelial barrier and mucosal healing as compared to placebo with similar improvements to dexamethasone, a corticosteroid used for the treatment of moderate-to-severe IBD. While current therapies target the inflammatory response in IBD, GB004 represents a novel mechanism designed to directly enhance the repair of the epithelial barrier. We believe that repairing damage to epithelium and the associated reduction of inflammation would lead to a significant improvement in the symptoms experienced by IBD patients.

*Immunomodulation*

HIF-1a is an important modulator of the innate and adaptive immune response. HIF-1a increases antimicrobial peptides, factors that protect the host from infection. In addition, HIF-1a may be critical for

regulatory immune cell function and these cells are important cells for reducing inflammation in IBD. Taken together, HIF-1a mediated effects on innate and adaptive immune responses in the gut contribute to resolution of inflammation and complement the epithelial barrier protective effects of HIF-1a stabilization.

### *Overview of IBD*

IBD refers to two conditions, UC and CD, that are characterized by chronic inflammation of the GI tract.

#### *Ulcerative Colitis*

UC is a chronic GI inflammatory disorder that involves the mucosal lining of the colon. Patients with UC suffer from a multitude of GI symptoms, such as diarrhea, rectal bleeding and weight loss. UC is characterized by a chronic course of remissions and exacerbations. Within 10 years of diagnosis, it is estimated that 20% of adults with UC will have undergone colectomy.

#### *Crohn's Disease*

CD is a chronic, inflammatory condition that involves the full thickness of the wall of the GI tract, and is characterized by erosions, strictures and perforations of the intestine. Symptoms include diarrhea, abdominal pain, blood in the stool and weight loss. Maintaining symptomatic control and obtaining remission are critical to minimizing short-term and long-term complications and to improving the outcomes and quality of life for patients with CD. The natural course of CD is a progression from inflammation of the mucosa to stricture formation of the intestine and of mucosal penetration or fistula formation, with the risk of stricture and fistula increasing with the duration of CD.

### *Overview of the IBD Market*

Approximately three million Americans report being diagnosed with either UC or CD. The U.S. market for IBD biologics reached an estimated \$7 billion in 2016 and is projected to grow to over \$10 billion by 2025, according to Datamonitor. The current biologic market is dominated by the anti-TNF inhibitors Humira, marketed by AbbVie Inc., and Remicade, marketed by Janssen Pharmaceuticals, Inc., or Janssen, and the growing share of the anti-integrin Entyvio, marketed by Takeda Pharmaceuticals America, Inc.

### *Treatment Paradigm in IBD*

Treatment of IBD consists mainly of immunosuppressive therapies. Treatment choices depend on the patient's disease severity and responsiveness to therapy. Medications which treat mild to moderate IBD are generally well tolerated. However, as the severity of IBD increases, the potential toxicities of the medications required to manage the disease also increase. For example, treatment of mild to moderate patients typically starts with topical agents, such as 5-aminosalicylic acid, or 5-ASA. For those IBD patients who do not respond to 5-ASAs, or those with more severe disease, corticosteroids are generally used to induce clinical remission. However, longer-term treatment with corticosteroids is associated with multiple adverse effects. Additionally, approximately 38% of patients who initially respond to corticosteroids either become steroid-dependent or require surgery within a year of initiating corticosteroids for UC.

Patients with moderately to severely active IBD, who become nonresponsive or intolerant to corticosteroids, are treated with immunomodulators, biologics or a Janus kinase, or JAK, inhibitor. Immunomodulators show a delay in onset of action of one to three months, and can result in neutropenia, pancreatitis, nephrotoxicity and hepatotoxicity. Therefore, the treatment of IBD patients with moderately to severely active inflammation is dominated by anti-TNF biologics given their better efficacy and side effect profile than immunomodulators. This paradigm is shifting because of the approval of agents in other classes,



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such as an anti-integrin, an anti-IL-12 / IL-23 and a JAK inhibitor. Additional immune suppressive therapies for the treatment of IBD are expected in the coming years with the anticipated introduction of oral S1P1 inhibitors and additional oral JAK inhibitors.

Furthermore, current treatments and those in development focus on immunosuppression, interference in immune cell migration and inflammatory pathways.

### *GB004 Product Differentiation*

GB004 is designed to be gut-targeted with higher intestinal exposure than systemic exposure. In IBD animal models, GB004 has demonstrated greater accumulation of HIF-1a than HIF-2a which may lead to restoration of epithelial barrier function and resolution of inflammation, while avoiding the potential adverse effects of increased EPO.

GB004 is distinct, and may have a differentiated profile, from the immunomodulatory or immunosuppressive mechanisms of approved IBD medicines and those in late-stage development. By reducing inflammation and potentially restoring intestinal epithelial barrier function and restitution through GB004's gut-targeted nature and preferential stabilization of HIF-1a, we believe GB004 could improve outcomes for IBD patients. We believe this mechanism has potential as a standalone therapeutic as well as a combination therapy with other therapeutic mechanisms in IBD.

### *Clinical Development Plan in IBD and Other Indications*

#### *Summary of Ongoing Phase 1 SAD and MAD Trial*

GB004 was evaluated by Aerpio in a first-in-human Phase 1 SAD study in healthy male volunteers. The primary objective of the study was to evaluate the safety and tolerability of ascending dose levels of GB004 after single oral administrations. The secondary objective was to characterize the single-dose PK profiles after escalating GB004 doses. A total of 40 subjects were randomized into five cohorts with 8 subjects each. All subjects completed the study. The five dose levels evaluated in this study were 20 mg, 60 mg, 120 mg, and 240 mg in 50 ml of solution and 240 mg in 100 ml of solution. All GB004 doses evaluated in this study were determined to be safe and well tolerated. No deaths or SAEs occurred. There were no significant differences in systemic levels of vascular endothelial growth factor, or VEGF, and EPO between GB004 and placebo patients.

We are currently evaluating GB004 in a randomized, double-blind, placebo-controlled, MAD study to assess the safety, tolerability, PK and PD effects in healthy male and female volunteers. A total of 40 subjects are planned to be randomized into five cohorts with eight subjects each. Dose levels to be evaluated in the five cohorts are 60 mg and 120 mg per day in male volunteers, 240 mg per day in four male volunteers and four female volunteers, 120 mg per day in female volunteers and, if required, 60 mg per day in female volunteers. Volunteers unable to complete seven days of dosing may be replaced.

#### *Summary of Planned Phase 1b Clinical Trial in UC*

We plan to submit an IND for GB004 in IBD and, after acceptance, initiate a Phase 1b trial of GB004 in approximately 30 symptomatic adult UC patients in the first half of 2019. Dose selection for this trial will be informed by the results of the MAD study. The goals of the study are to assess safety, tolerability, PK/PD and target engagement of GB004 in patients with UC. We expect to report topline data from this trial in the first half of 2020. We expect to initiate a Phase 2 clinical trial in UC in the first half of 2020 and anticipate reporting topline data from the trial by the first half of 2022.

### ***Our Research Capabilities and Preclinical Programs***

We currently have three programs in preclinical development and expect to file an IND application with the FDA for one of these programs, GB1275, in 2019. We are continuing to build our research capabilities,



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specifically focusing on our areas of expertise within immunology, inflammation and oncology, in order to advance new programs into the clinic, as well as optimize our existing programs.

### *GB1275 (CD11b Agonist)*

GB1275 is an oral small molecule, CD11b agonist in preclinical development for the treatment of oncology indications. CD11b and CD18 are members of the integrin family of cell adhesion receptors that combine to form the functional adhesion receptor CD11b/CD18 (also known as Mac-1, CR3 or alpha- M beta-2) on cell surfaces. CD11b is highly expressed on immune system cells including tumor-associated macrophages, or TAMs, and myeloid derived suppressor cells, or MDSCs, which play a significant role in tumor growth, immune evasion and metastases. CD11b is also upregulated in many tumor types, and the presence of CD11b+ cells is associated with poor prognosis in multiple cancer types. We acquired GB1275 through our acquisition of Adhaere Pharmaceuticals, Inc. in September 2018 for an upfront payment of \$7.5 million in cash, up to \$62.0 million in regulatory, development and sales milestones and tiered royalties on worldwide net sales at percentages ranging from low to mid-single digits, subject to customary reductions.

Innate immune cells modulate the tumor microenvironment, or TME, and fuel cancer cell growth and survival. We believe that validation for targeting the immunosuppressive TME in pancreatic cancer has been supported by evidence of durable clinical benefit in trials with an anti- colony-stimulating factor 1 receptor, or anti-CSF1R, antibody plus nivolumab, an agent approved for oncology indications, as well as C-C chemokine receptor type 2, or CCR2, inhibition in combination with chemotherapy. Our novel approach to integrin modulation, using small molecule CD11b agonists, targets innate immune cells, which enhances immune-mediated tumor killing. Preclinical data for GB1275 suggest our approach to integrin modulation transiently increases the myeloid cell adhesion to the blood vessel wall and reduces influx of TAMs and MDSCs in tumors, thereby increasing density of CD8+ T-cells in the TME and decreasing tumor growth.

Preclinical studies have demonstrated reduced tumor burden and improved survival with GB1275 as a single agent and in combination with chemotherapy and immuno-oncology therapies across multiple tumor models, including pancreatic, breast and colon cancers in mice. Preclinical data also suggest differentiation from other approaches targeting immunosuppressive mechanisms, including anti-CSF1R antibodies and CCR2 inhibition, and we therefore plan to advance GB1275 in development for the treatment of immuno-oncology resistant tumors, such as pancreatic and triple negative breast cancer.

Preclinical studies and profile characterization of GB1275 support daily oral dosing with no significant toxicology findings. We plan to submit an IND for GB1275 and, after acceptance, initiate a Phase 1 clinical trial of GB1275 in 2019. We anticipate reporting data from this trial in 2021.

### *Autoimmune Program*

We have a portfolio of novel BTK inhibitors with differentiated selectivity profiles with and without central nervous system penetration. We are currently evaluating these molecules with the goal of advancing an optimized compound into clinical development for the treatment of autoimmune indications.

### *Oncology Program*

We are developing small molecule cancer metabolism modulators that have the potential to treat solid tumors that are refractory to currently available checkpoint inhibitors. We are currently evaluating these molecules with the goal of advancing an optimized compound into clinical development for the treatment of solid tumors.

## **Competition**

The biotechnology and pharmaceutical industries are characterized by rapid technological advancement, significant competition and an emphasis on intellectual property. We face potential competition from many

different sources, including major and specialty pharmaceutical and biotechnology companies, academic research institutions, governmental agencies and public and private research institutions. Any product candidates that we successfully develop and commercialize will compete with current therapies and new therapies that may become available in the future. Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective, have fewer or less severe side effects or more convenient than any products that we may develop. Our competitors also may obtain FDA or other regulatory approval for their products more rapidly than we do. We believe that the key competitive factors affecting the success of any of our product candidates will include efficacy, safety profile, convenience, cost, level of promotional activity devoted to them and intellectual property protection.

We expect to face competition from existing products and products in development for each of our product candidates. GB001, currently in development for the treatment of moderate-to-severe eosinophilic asthma, is an oral DP2 antagonist, a class of medicines with no currently-approved agents. However, other DP2 antagonists are currently in development by Novartis, Chiesi Farmaceutici S.p.A., Merck & Company, Inc. and Sunshine Lake Pharma Co., Ltd. If approved, we will also face branded competition from existing biologics, including Xolair (omalizumab/anti-IgE, marketed by Genentech and Novartis) and Dupixent (dupilumab/anti-IL-4/IL-13, marketed by Regeneron Pharmaceuticals, Inc. and Sanofi S.A.), for moderate to severe asthma, and Nucala (mepolizumab/anti-IL-5, marketed by GlaxoSmithKline), Cinqair (reslizumab/anti-IL-5, marketed by Teva Pharmaceutical Industries Ltd.), and Fasenra (benralizumab/anti-IL-5, marketed by AstraZeneca Pharmaceuticals LP) for severe eosinophilic asthma. We will also face competition from generic montelukast, which is utilized in mild to moderate patients. Several other agents are advancing in clinical trials for asthma, including tezepelumab, REGN3500 (anti-IL-33; Regeneron), etokimab (anti-IL-33; AnaptysBio, Inc.), GSK3772847 (anti-IL-33; GlaxoSmithKline) and RG6149 (anti-ST2; Genentech).

Additionally, while there are no agents currently approved beyond corticosteroids for CRSwNP, several agents approved for or in development for asthma are currently in development for CRSwNP, including Xolair, Fasenra, Dupixent and etokimab.

Xolair is currently FDA-approved for the treatment of CSU. We may also face competition from agents currently in development for the indication, including ligelizumab (anti-IgE; Novartis) and AK002 (anti-Siglec-8; Allakos Inc.).

GB002 is a potentially first-in-class PDGF receptor kinase inhibitor initially targeted for intermediate and high-risk PAH patients. While potentially unique in our class, we expect our primary competition in this patient set will include prostanoids, available in oral form as Orenitram (United Therapeutics Corporation, or United Therapeutics) and Upravi (Janssen), by inhalation as Tyvaso (United Therapeutics), and by infusion as Remodulin (United Therapeutics). While we may face some competition from products used in class I and II patients, such as the oral PDE5 inhibitors, including Revatio (Pfizer Inc.) and Adcirca (United Therapeutics); the sGC stimulator Adempas (Bayer AG); and oral ERAs, including Tracleer (Janssen), Letairis (Gilead Sciences, Inc.) and Opsumit (Janssen), we believe that, if approved, GB002 would be used along with these background therapies. PAH is also an active indication for investigational drugs, and we may face competition in the future from ralinepag (Arena Pharmaceuticals, Inc.), sotatercept (Acceleron Pharma, Inc.) and bardoxolone methyl (Reata Pharmaceuticals, Inc.).

GB004 is potentially a first-in-class HIF-1a stabilizer with the potential to restore epithelial barrier function in patients with IBD. Patients with mild to moderate UC can initially be maintained in remission using a 5-ASA. For those patients who do not respond to 5-ASA, or those with more severe and/or extensive disease at diagnosis, corticosteroids are generally the next line of treatment. Patients who have become nonresponsive or intolerant to corticosteroids may move to azathioprine and 6-mercaptopurine. The treatment of severe patients is dominated by anti-TNF biologics, though the paradigm is shifting because of the approval of agents in other classes, such as anti-integrin, IL-12 / IL-23, and JAK inhibitors. Further disruption is expected in the coming years through the introduction of oral S1P1 inhibitors and additional oral JAK inhibitors.

There may be other earlier stage clinical programs that, if approved, would compete with our product candidates. Many of our competitors have substantially greater financial, technical and human resources than we have. Additional mergers and acquisitions in the pharmaceutical industry may result in even more resources being concentrated in our competitors. Competition may increase further as a result of advances made in the commercial applicability of technologies and greater availability of capital for investment in these fields. Our success will be based in part on our ability to build and actively manage a portfolio of drugs that addresses unmet medical needs and creates value in patient therapy.

## **License Agreements**

### ***Pulmokine***

In October 2017, we entered into a license agreement, or the Pulmokine Agreement, with Pulmokine, Inc., under which we were granted an exclusive worldwide license and sublicense to certain intellectual property rights owned or controlled by Pulmokine, including intellectual property rights co-owned by Pulmokine and Gilead Sciences, to develop and commercialize GB002 and certain backup compounds for the treatment, prevention and diagnosis of any and all disease or conditions. We also have the right to sublicense our rights under the Pulmokine Agreement, subject to certain conditions. We are required to use commercially reasonable efforts to develop and commercialize at least one licensed product in the United States and in at least two countries in the European Union.

Under the terms of the Pulmokine Agreement, we made an upfront payment of \$5.5 million to Pulmokine and are obligated to make future development and regulatory milestone payments of up to \$63 million, commercial milestone payments of up to \$45 million, and sales milestone payments of up to \$190 million. We are also obligated to pay tiered royalties on sales for each licensed product, at percentages ranging from the mid-single digits to the high single-digits. In addition, if we choose to sublicense or assign to any third parties our rights under the Pulmokine Agreement with respect to a licensed product, or our GB002 operating subsidiary undergoes a change of control, we must pay to Pulmokine a specified percentage of all revenue to be received in connection with such transaction.

Our royalty obligations and the Pulmokine Agreement will expire on a licensed product-by-licensed product and country-by-country basis on the later of ten years from the date of first commercial sale or when there is no longer a valid patent claim covering such licensed product or specified regulatory exclusivity for the licensed product in such country. The Pulmokine Agreement may be terminated in its entirety either by Pulmokine or by us in the event of an uncured material breach by the other party, in the event the other party is subject to specified bankruptcy, insolvency or similar circumstances, or in the event of a force majeure event under certain circumstances. The agreement may be terminated by Pulmokine if we commence a legal action challenging the validity or enforceability of any licensed patents. We may terminate the agreement, either in its entirety or on a product-by-product basis, in the event of potential safety or efficacy concerns affecting a licensed product.

The intellectual property rights co-owned by Pulmokine and Gilead Sciences are subject to a license agreement, or the Gilead Agreement, between Pulmokine and Gilead Sciences. Under the Gilead Agreement, Pulmokine is required to use commercially reasonable efforts to develop and commercialize at least one licensed product, which obligation can be satisfied through our development efforts required under the Pulmokine Agreement, and to pay Gilead Sciences future regulatory milestone payments and royalties. Upon termination of the Gilead Agreement for any reason, our sublicense under the Pulmokine Agreement will survive provided that we did not cause a material breach that was the basis for such termination and we agree to be bound by the terms of the Gilead Agreement.

Upon termination of the agreement for any reason, all rights and licenses granted to us under the agreement will terminate and revert to Pulmokine, and in the event of certain termination events, we would grant Pulmokine worldwide rights to the terminated program.

### ***Aerpio Pharmaceuticals***

In June 2018, we entered into a license agreement, or the Aerpio Agreement, with Aerpio Pharmaceuticals, Inc., under which we were granted an exclusive worldwide license to certain intellectual property rights owned or controlled by Aerpio to develop and commercialize GB004 and certain other related compounds for all applications. We also have the right to sublicense our rights under the Aerpio Agreement, subject to certain conditions. We are required to use commercially reasonable efforts to develop and commercialize at least one licensed product in the United States, in at least two countries in the European Union, and in Japan, in each case for at least one of the initial indications of UC or CD. The license agreement also includes a sublicense to a patent owned by The Regents of the University of Colorado, or UC Regents, and non-exclusively licensed to Aerpio. The terms of the license agreement prohibit further sublicensing of the UC Regents patent rights.

Under the terms of the Aerpio Agreement, we made an upfront payment of \$20 million to Aerpio and are obligated to make future development and regulatory milestone payments of up to \$55 million, commercial milestone payments of up to \$85 million and sales milestone payments of up to \$260 million. We are also obligated to pay tiered royalties on sales for each licensed product, at percentages ranging from a high-single-digit to mid-teens, subject to certain customary reductions. In addition, if we choose to sublicense or assign to any third parties our rights under the Aerpio Agreement with respect to any licensed product or if our GB004 operating subsidiary undergoes a change of control and the value of such transaction exceeds a specified value, we have an option to pay a specified percentage of all revenue to be received in connection with such transaction, and if we exercise the option Aerpio will no longer be paid the development, regulatory, commercial or sales milestones or royalties on the sales of licensed products under the agreement. If we do not exercise our buy-down option with respect to a sublicense or assignment of our rights under the Aerpio Agreement or with respect to a change of control of our GB004 operating subsidiary, Aerpio will have an option to receive a specified percentage of all revenue received in connection with such transaction, and if Aerpio exercises the option Aerpio will no longer be paid the development, regulatory, commercial or sales milestones or royalties on sales of licensed products under the agreement.

Our royalty obligations and the Aerpio Agreement will expire on a licensed product-by-licensed product and country-by-country basis on the later of fifteen years from the date of first commercial sale or when there is no longer a valid patent claim covering such licensed product in such country. The agreement may be terminated either by Aerpio or by us in the event of an uncured material breach by the other party or in the event the other party becomes subject to specified bankruptcy, insolvency or similar circumstances. In the event we commence a legal action challenging the validity or enforceability of any licensed patents, Aerpio will have the right to terminate the agreement or elect to increase milestone and royalty payments by a specified percentage. We may terminate the agreement in the event of potential safety or efficacy concerns affecting a licensed product. Upon termination of the agreement for any reason all rights and licenses granted to us under the agreement will terminate, and in the event of certain termination events, we would grant Aerpio worldwide rights to the terminated program.

### **Manufacturing**

We currently rely on multiple third-party manufacturers for the manufacture of our product candidates for preclinical and clinical testing. We intend to rely on third-party contract manufacturers for commercial manufacturing if our product candidates receive marketing approval. We believe there are multiple sources for all of the materials required for the manufacture of our product candidates. Our manufacturing strategy enables us to more efficiently direct financial resources to the research, development and commercialization of product candidates rather than diverting resources to internally develop manufacturing facilities. As our product candidates advance through development, we expect to enter into longer-term commercial supply agreements with key suppliers and manufacturers to fulfill and secure our production needs.

## **Intellectual Property**

We strive to protect the proprietary technology, inventions and improvements that are commercially important to our business, including seeking, maintaining, and defending patent rights, whether developed internally or licensed from third parties. We also rely on trade secrets and know-how relating to our proprietary technology and product candidates and continuing innovation to develop, strengthen and maintain our proprietary position. We also plan to rely on data exclusivity, market exclusivity and patent term extensions when available. Our commercial success will depend in part on our ability to obtain and maintain patent and other proprietary protection for our technology, inventions and improvements; to preserve the confidentiality of our trade secrets; to defend and enforce our proprietary rights, including any patents that we may own in the future; and to operate without infringing on the valid and enforceable patents and other proprietary rights of third parties. Intellectual property rights may not address all potential threats to our competitive advantage.

### ***GB001***

As of December 17, 2018, with respect to GB001, we owned one issued U.S. patent directed to compound and pharmaceutical composition claims, which is not due to expire before 2026, excluding any additional term for patent term adjustment or extension, and a number of patents and pending patent applications in other jurisdictions, including issued patents in Australia, Canada, China, the European Patent Convention, India, Mexico, New Zealand and Russia, and a pending application in Brazil directed to compound and pharmaceutical composition claims. As of December 17, 2018, we owned one pending U.S. patent application directed to compound claims, which, if issued, is not due to expire before 2037, excluding any additional term for patent term adjustment or extension, and a number of pending patent applications in other jurisdictions, including pending applications in Australia, Brazil, Canada, China, the European Patent Convention, India, South Korea, Mexico, New Zealand, Russia, and Taiwan directed to compound claims.

### ***GB002***

As of December 17, 2018, with respect to GB002, we have exclusively licensed one pending U.S. patent application and one pending PCT application owned by Pulmokine directed to method of use claims, which, if issued, is not due to expire before 2037, excluding any additional term for patent term adjustment or extension. We also have exclusively licensed two issued U.S. patents co-owned by Pulmokine and Gilead Sciences, Inc., which are not due to expire before 2034, excluding any additional term for patent term adjustment or extension; two pending U.S. patent applications, which, if issued, are not due to expire before 2034, excluding any additional term for patent term adjustment or extension; and a number of patents and pending patent applications in other jurisdictions, including issued patents in Australia, the European Patent Convention and Japan, and pending applications in Australia, Canada, China, the European Patent Convention and Japan. These patents and patent applications are directed to GB002 compound, formulation and method of use claims.

### ***GB004***

As of December 17, 2018, with respect to GB004, we have exclusively licensed from Aerpio nine issued U.S. patents directed to compound, pharmaceutical composition and method of use claims, eight of which are not due to expire before 2030, and one, directed to synthetic method claims, is not due to expire before 2035, excluding any additional term for patent term adjustment or extension; one pending U.S. patent application directed to compound and method of use claims, which, if issued, is not due to expire before 2030, excluding any additional term for patent term adjustment or extension; and a number of patents and pending patent applications in other jurisdictions. The patents and pending patent applications directed to compound, pharmaceutical composition and method of use claims in other jurisdictions, and which are not due to expire before 2030, include issued patents in Australia, Canada, China, the European Patent Convention, India, Japan, Mexico, New Zealand and South Korea, and pending patent applications in Brazil, the European Patent Convention, India, Mexico and South Korea. The patents and pending patent applications directed to synthetic method claims in

other jurisdictions, and which are not due to expire before 2035, include pending patent applications in China, the European Patent Convention, India and Japan.

With respect to our product candidates and processes we intend to develop and commercialize in the normal course of business, we intend to pursue patent protection covering, when possible, compositions, methods of use, dosing and formulations. We may also pursue patent protection with respect to manufacturing and drug development processes and technologies. Obtaining and maintaining patent protection depends on compliance with various procedural, document submission, fee payment, and other requirements imposed by governmental patent agencies. We may not be able to obtain patent protections for our compositions, methods of use, dosing and formulations, manufacturing and drug development processes and technologies throughout the world. Issued patents can provide protection for varying periods of time, depending upon the date of filing of the patent application, the date of patent issuance and the legal term of patents in the countries in which they are obtained. In general, patents issued for applications filed in the United States can provide exclusionary rights for 20 years from the earliest effective filing date. In addition, in certain instances, the term of an issued U.S. patent that covers or claims an FDA approved product can be extended to recapture a portion of the term effectively lost as a result of the FDA regulatory review period, which is called patent term extension. The restoration period cannot be longer than five years and the total patent term, including the restoration period, must not exceed 14 years following FDA approval. The term of patents outside of the United States varies in accordance with the laws of the foreign jurisdiction, but typically is also 20 years from the earliest effective filing date. However, the actual protection afforded by a patent varies on a product-by-product basis, from country-to-country, and depends upon many factors, including the type of patent, the scope of its coverage, the availability of regulatory-related extensions, the availability of legal remedies in a particular country and the validity and enforceability of the patent. Patent term may be inadequate to protect our competitive position on our products for an adequate amount of time.

The patent positions of companies like ours are generally uncertain and involve complex legal and factual questions. No consistent policy regarding the scope of claims allowable in patents in the field of biopharmaceuticals has emerged in the United States. The relevant patent laws and their interpretation outside of the United States is also uncertain. Changes in either the patent laws or their interpretation in the United States and other countries may diminish our ability to protect our technology or product candidates and could affect the value of such intellectual property. In particular, our ability to stop third parties from making, using, selling, offering to sell or importing products that infringe our intellectual property will depend in part on our success in obtaining and enforcing patent claims that cover our technology, inventions and improvements. We cannot guarantee that patents will be granted with respect to any of our pending patent applications or with respect to any patent applications we may file in the future, nor can we be sure that any patents that may be granted to us in the future will be commercially useful in protecting our products, the methods of use or manufacture of those products. Moreover, even our issued patents do not guarantee us the right to practice our technology in relation to the commercialization of our products. Patent and other intellectual property rights in the pharmaceutical and biotechnology space are evolving and involve many risks and uncertainties. For example, third parties may have blocking patents that could be used to prevent us from commercializing our product candidates and practicing our proprietary technology, and our issued patents may be challenged, invalidated or circumvented, which could limit our ability to stop competitors from marketing related products or could limit the term of patent protection that otherwise may exist for our product candidates. In addition, the scope of the rights granted under any issued patents may not provide us with protection or competitive advantages against competitors with similar technology. Furthermore, our competitors may independently develop similar technologies that are outside the scope of the rights granted under any issued patents. For these reasons, we may face competition with respect to our product candidates. Moreover, because of the extensive time required for development, testing and regulatory review of a potential product, it is possible that, before any particular product candidate can be commercialized, any patent protection for such product may expire or remain in force for only a short period following commercialization, thereby reducing the commercial advantage the patent provides.

## **Government Regulation**

Government authorities in the United States, at the federal, state and local level, and other countries extensively regulate, among other things, the research, development, testing, manufacture, quality control, approval, labeling, packaging, storage, record-keeping, promotion, advertising, distribution, marketing and export and import of products such as those we are developing. A new drug must be approved by the FDA through the new drug application, or NDA, process before it may be legally marketed in the United States.

Certain of our product candidates are subject to regulation as combination products, which means that they are composed of both a drug product and device product. If marketed individually, each component would be subject to different regulatory pathways and reviewed by different centers within the FDA. A combination product, however, is assigned to a Center that will have primary jurisdiction over its regulation based on a determination of the combination product's primary mode of action, which is the single mode of action that provides the most important therapeutic action. In the case of our inhaled product candidate regulated as a combination product, the primary mode of action is attributable to the drug component of the product, which means that the FDA's Center for Drug Evaluation and Research has primary jurisdiction over the premarket development, review and approval. Accordingly, we plan to investigate this product through the IND framework and seek approval through the NDA pathway. We do not anticipate that the FDA will require a separate medical device authorization for the device, but this could change during the course of its review of any marketing application that we may submit.

### ***U.S. Drug Development Process***

In the United States, the FDA regulates drugs under the federal Food, Drug, and Cosmetic Act, or the FDCA, and its implementing regulations. The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, state, local and foreign statutes and regulations require the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements at any time during the product development process, approval process or after approval may subject an applicant to administrative or judicial sanctions. These sanctions could include the FDA's refusal to approve pending applications, withdrawal of an approval, a clinical hold, warning letters, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement or civil or criminal penalties. Any agency or judicial enforcement action could have a material adverse effect on us.

The process required by the FDA before a drug may be marketed in the United States generally involves the following:

- completion of preclinical laboratory tests, animal studies and formulation studies in accordance with Good Laboratory Practice, or GLP, regulations and other applicable regulations;
- submission to the FDA of an IND, which must become effective before human clinical trials may begin;
- approval by an independent institutional review board, or IRB, at each clinical site before each trial may be initiated;
- performance of adequate and well-controlled human clinical trials in accordance with Good Clinical Practice, or GCP, regulations to establish the safety and efficacy of the proposed drug for its intended use;
- submission to the FDA of an NDA;
- satisfactory completion of an FDA advisory committee review, if applicable;

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- satisfactory completion of an FDA inspection of the manufacturing facility or facilities at which the drug is produced to assess compliance with current GMP, or cGMP, requirements to assure that the facilities, methods and controls are adequate to preserve the drug's identity, strength, quality and purity; and
- FDA review and approval of the NDA to permit commercial marketing of the product for particular indications for use in the United States.

Once a pharmaceutical candidate is identified for development, it enters the preclinical testing stage. Preclinical tests include laboratory evaluations of product chemistry, toxicity and formulation, as well as animal studies. An IND sponsor must submit the results of the preclinical tests, together with manufacturing information and analytical data, to the FDA as part of the IND. An IND is a request for authorization from the FDA to administer an investigational new drug product to humans. The sponsor will also include a protocol detailing, among other things, the objectives of the first phase of the clinical trial, the parameters to be used in monitoring safety, and the effectiveness criteria to be evaluated, if the first phase lends itself to an efficacy evaluation. Some preclinical testing may continue even after the IND is submitted. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA, within the 30-day time period, places the clinical trial on a clinical hold. In such a case, the IND sponsor and the FDA must resolve any outstanding concerns before the clinical trial can begin. Clinical holds also may be imposed by the FDA at any time before or during clinical trials due to safety concerns about on-going or proposed clinical trials or non-compliance with specific FDA requirements, and the trials may not begin or continue until the FDA notifies the sponsor that the hold has been lifted. Submission of an IND therefore may or may not result in FDA authorization to begin a clinical trial.

All clinical trials must be conducted under the supervision of one or more qualified investigators in accordance with GCP regulations, which include the requirement that all research subjects provide their informed consent in writing for their participation in any clinical trial. They must be conducted under protocols detailing, among other things, the objectives of the trial, dosing procedures, subject selection and exclusion criteria and the safety and effectiveness criteria to be evaluated. Each protocol must be submitted to the FDA as part of the IND as well as any subsequent protocol amendments, and timely safety reports must be submitted to the FDA and the investigators for serious and unexpected adverse events. An IRB at each institution participating in the clinical trial must review and approve each protocol before a clinical trial commences at that institution and must also approve the information regarding the trial and the consent form that must be provided to each trial subject or his or her legal representative, monitor the study until completed and otherwise comply with IRB regulations.

Human clinical trials are typically conducted in three sequential phases that may overlap or be combined:

- *Phase 1:* The product candidate is initially introduced into healthy human volunteers and tested for safety, dosage tolerance, absorption, metabolism, distribution and excretion and, if possible, to gain an early indication of its effectiveness. In the case of some products for severe or life-threatening diseases, such as cancer, especially when the product may be too inherently toxic to ethically administer to healthy volunteers, the initial human testing is often conducted in patients. Sponsors sometimes designate their Phase 1 clinical trials as Phase 1a or Phase 1b. Phase 1b clinical trials are typically aimed at confirming dosing, pharmacokinetics and safety in larger number of patients. Some Phase 1b studies evaluate biomarkers or surrogate markers that may be associated with efficacy in patients with specific types of diseases.
- *Phase 2:* This phase involves clinical trials in a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted diseases and to determine dosage tolerance and appropriate dosage.
- *Phase 3:* Clinical trials are undertaken to further evaluate dosage, clinical efficacy and safety in an expanded patient population, generally at geographically dispersed clinical study sites. These



clinical trials are intended to establish the overall risk-benefit ratio of the product candidate and provide, if appropriate, an adequate basis for product labeling.

Post-approval trials, sometimes referred to as Phase 4 studies, may be conducted after initial marketing approval. These trials are used to gain additional experience from the treatment of patients in the intended therapeutic indication. In certain instances, the FDA may mandate the performance of Phase 4 clinical trials as a condition of approval of an NDA.

The FDA or the sponsor may suspend 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. In addition, some clinical trials are overseen by an independent group of qualified experts organized by the sponsor, known as a data safety monitoring board or committee. Depending on its charter, this group may determine whether a trial may move forward at designated check points based on access to certain data from the trial.

During the development of a new drug, sponsors are given opportunities to meet with the FDA at certain points. These points may be prior to submission of an IND, at the end of Phase 2, and before an NDA is submitted. Meetings at other times may be requested. These meetings can provide an opportunity for the sponsor to share information about the data gathered to date, for the FDA to provide advice, and for the sponsor and the FDA to reach agreement on the next phase of development. Sponsors typically use the meetings at the end of the Phase 2 trial to discuss Phase 2 clinical results and present plans for the pivotal Phase 3 clinical trials that they believe will support approval of the new drug.

Concurrent with clinical trials, companies usually complete additional animal studies and must also develop additional information about the chemistry and physical characteristics of the drug and finalize a process for manufacturing the product in commercial quantities in accordance with cGMP requirements. The manufacturing process must be capable of consistently producing quality batches of the product candidate and, among other things, the manufacturer must develop methods for testing the identity, strength, quality and purity of the final drug. In addition, 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.

While the IND is active and before approval, progress reports summarizing the results of the clinical trials and nonclinical studies performed since the last progress report must be submitted at least annually to the FDA, and written IND safety reports must be submitted to the FDA and investigators for serious and unexpected suspected adverse events, findings from other studies suggesting a significant risk to humans exposed to the same or similar drugs, findings from animal or *in vitro* testing suggesting a significant risk to humans, and any clinically important increased incidence of a serious suspected adverse reaction compared to that listed in the protocol or investigator brochure.

There are also requirements governing the reporting of ongoing clinical trials and completed trial results to public registries. Sponsors of certain clinical trials of FDA-regulated products are required to register and disclose specified clinical trial information, which is publicly available at [www.clinicaltrials.gov](http://www.clinicaltrials.gov). Information related to the product, patient population, phase of investigation, trial sites and investigators and other aspects of the clinical trial is then made public as part of the registration. Sponsors are also obligated to discuss the results of their clinical trials after completion. Disclosure of the results of these trials can be delayed until the new product or new indication being studied has been approved.

### ***Regulation of Combination Products in the United States***

Certain products may be comprised of components, such as drug components and device components, that would normally be regulated under different types of regulatory authorities, and frequently by different

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centers at the FDA. These products are known as combination products. Specifically, under regulations issued by the FDA, a combination product may be:

- a product comprised of two or more regulated components that are physically, chemically, or otherwise combined or mixed and produced as a single entity;
- two or more separate products packaged together in a single package or as a unit and comprised of drug and device products, device and biological products, or biological and drug products;
- a drug, or device, or biological product packaged separately that according to its investigational plan or proposed labeling is intended for use only with an approved individually specified drug, or device, or biological product where both are required to achieve the intended use, indication, or effect and where upon approval of the proposed product the labeling of the approved product would need to be changed, e.g., to reflect a change in intended use, dosage form, strength, route of administration, or significant change in dose; or
- any investigational drug, or device, or biological product packaged separately that according to its proposed labeling is for use only with another individually specified investigational drug, device, or biological product where both are required to achieve the intended use, indication, or effect.

Under the FDCA and its implementing regulations, the FDA is charged with assigning a center with primary jurisdiction, or a lead center, for review of a combination product. The designation of a lead center generally eliminates the need to receive approvals from more than one FDA component for combination products, although it does not preclude consultations by the lead center with other components of FDA. The determination of which center will be the lead center is based on the “primary mode of action” of the combination product. Thus, if the primary mode of action of a drug-device combination product is attributable to the drug product, the FDA center responsible for premarket review of the drug product would have primary jurisdiction for the combination product. The FDA has also established an Office of Combination Products to address issues surrounding combination products and provide more certainty to the regulatory review process. That office serves as a focal point for combination product issues for agency reviewers and industry. It is also responsible for developing guidance and regulations to clarify the regulation of combination products, and for assignment of the FDA center that has primary jurisdiction for review of combination products where the jurisdiction is unclear or in dispute.

A combination product with a drug primary mode of action generally would be reviewed and approved pursuant to the drug approval processes under the FDCA. In reviewing the NDA application for such a product, however, FDA reviewers in the drug center could consult with their counterparts in the device center to ensure that the device component of the combination product met applicable requirements regarding safety, effectiveness, durability and performance. In addition, under FDA regulations, combination products are subject to cGMP requirements applicable to both drugs and devices, including the Quality System, or QS, regulations applicable to medical devices.

### ***NDA Review and Approval Process***

The results of product development, preclinical and other non-clinical studies and clinical trials, along with descriptions of the manufacturing process, analytical tests conducted on the chemistry of the drug, proposed labeling and other relevant information are submitted to the FDA as part of an NDA requesting approval to market the product. The submission of an NDA is subject to the payment of substantial user fees; a waiver of such fees may be obtained under certain limited circumstances. The FDA reviews an NDA to determine, among other things, whether a product is safe and effective for its intended use and whether its manufacturing is cGMP-compliant to assure and preserve the product’s identity, strength, quality and purity. Under the Prescription Drug User Fee Act, or PDUFA, guidelines that are currently in effect, the FDA has a goal of ten months from the date

of “filing” of a standard NDA for a new molecular entity to review and act on the submission. This review typically takes twelve months from the date the NDA is submitted to FDA because the FDA has approximately two months to make a “filing” decision after it the application is submitted. The FDA conducts a preliminary review of all NDAs within the first 60 days after submission, before accepting them for filing, to determine whether they are sufficiently complete to permit substantive review. The FDA may request additional information rather than accept an NDA for filing. In this event, the NDA must be resubmitted with the additional information. The resubmitted application also is subject to review before the FDA accepts it for filing.

The FDA may refer an application for a novel drug to an advisory committee. 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. Before approving an NDA, the FDA will inspect the facility or facilities where the product is manufactured. The FDA will not approve an application unless it determines that the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. Additionally, before approving an NDA, the FDA may inspect one or more clinical trial sites to assure compliance with GCP requirements.

After the FDA evaluates an NDA, it will issue an approval letter or a Complete Response Letter. An approval letter authorizes commercial marketing of the drug with prescribing information for specific indications. A Complete Response Letter indicates that the review cycle of the application is complete and the application will not be approved in its present form. A Complete Response Letter usually describes the specific deficiencies in the NDA identified by the FDA and may require additional clinical data, such as an additional pivotal Phase 3 trial or other significant and time consuming requirements related to clinical trials, nonclinical studies or manufacturing. If a Complete Response Letter is issued, the sponsor must resubmit the NDA or, addressing all of the deficiencies identified in the letter, or withdraw the application. Even if such data and information are submitted, the FDA may decide that the NDA does not satisfy the criteria for approval.

If a product receives regulatory approval, the approval may be significantly limited to specific diseases and dosages or the indications for use may otherwise be limited, which could restrict the commercial value of the product. In addition, the FDA may require a sponsor to conduct Phase 4 testing, which involves clinical trials designed to further assess a drug’s safety and effectiveness after NDA approval, and may require testing and surveillance programs to monitor the safety of approved products which have been commercialized. The FDA may also place other conditions on approval including the requirement for a risk evaluation and mitigation strategy, or REMS, to assure the safe use of the drug. If the FDA concludes a REMS is needed, the sponsor of the NDA must submit a proposed REMS. The FDA will not approve the NDA without an approved REMS, if required. A REMS could include medication guides, physician communication plans or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. Any of these limitations on approval or marketing could restrict the commercial promotion, distribution, prescription or dispensing of products. Marketing approval may be withdrawn for non-compliance with regulatory requirements or if problems occur following initial marketing.

The Pediatric Research Equity Act, or PREA, requires a sponsor to conduct pediatric clinical trials for most drugs, for a new active ingredient, new indication, new dosage form, new dosing regimen or new route of administration. Under PREA, original NDAs and supplements must contain a pediatric assessment unless the sponsor has received a deferral or waiver. The required assessment must evaluate the safety and effectiveness of the product for the claimed indications in all relevant pediatric subpopulations and support dosing and administration for each pediatric subpopulation for which the product is safe and effective. The sponsor or FDA may request a deferral of pediatric clinical trials for some or all of the pediatric subpopulations. A deferral may be granted for several reasons, including a finding that the drug is ready for approval for use in adults before pediatric clinical trials are complete or that additional safety or effectiveness data needs to be collected before the pediatric clinical trials begin. The FDA must send a non-compliance letter to any sponsor that fails to submit the required assessment, keep a deferral current or fails to submit a request for approval of a pediatric formulation.

### ***Orphan Drug Designation***

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

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 for the same indication for seven years, except in limited circumstances, such as a showing of clinical superiority to the product with orphan exclusivity or inability to manufacture the product in sufficient quantities. The designation of such drug also entitles a party to financial incentives such as opportunities for grant funding toward clinical trial costs, tax advantages and user-fee waivers. However, competitors, may receive approval of different products for the indication for which the orphan product has exclusivity or obtain approval for the same product but for a different indication for which the orphan product has exclusivity. Orphan exclusivity also could block the approval of one of our product candidates for seven years if a competitor obtains approval of the same drug as defined by the FDA or if our product candidate is determined to be contained within the competitor's product for the same indication or disease.

In addition, if an orphan designated product receives marketing approval for an indication broader than what is designated, it may not be entitled to orphan exclusivity. In addition, orphan drug exclusive marketing rights in the United States may be lost if the FDA later determines that the request for designation was materially defective or, as noted above, if the second applicant demonstrates that its product is clinically superior to the approved product with orphan exclusivity or the manufacturer of the approved product is unable to assure sufficient quantities of the product to meet the needs of patients with the rare disease or condition. GB002 has received orphan drug designation for the treatment of patients with PAH.

### ***Expedited Development and Review Programs***

A sponsor may seek approval of its product candidate under programs designed to accelerate FDA's review and approval of new drugs and biological products that meet certain criteria. The FDA has a fast track designation program that is intended to expedite or facilitate the process for reviewing new drug products that meet certain criteria. Specifically, new drugs 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. Unique to a fast track product, the FDA may consider for review sections of the NDA on a rolling basis before the complete application is submitted, if the sponsor provides a schedule for the submission of the sections of the NDA, the FDA agrees to accept sections of the NDA and determines that the schedule is acceptable, and the sponsor pays any required user fees upon submission of the first section of the NDA.

Any product submitted to the FDA for approval, including a product with a fast track designation, may also be eligible for other types of FDA programs intended to expedite development and review, such as priority review and accelerated approval. A product is eligible for priority review if it has the potential to provide safe and effective therapy where no satisfactory alternative therapy exists or a significant improvement in the safety or effectiveness of the treatment, diagnosis or prevention of a serious disease or condition. The FDA will attempt to direct additional resources to the evaluation of an application for a new drug designated for priority review in an effort to facilitate the review. The FDA endeavors to review applications with priority review designations

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within six months of the filing date as compared to ten months for review of new molecular entity NDAs under its current PDUFA review goals. Priority review designation does not change the scientific/medical standard for approval or the quality of evidence necessary to support approval.

In addition, a product may be eligible for accelerated approval. Drug products intended to treat serious or life-threatening diseases or conditions may be eligible for 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 approval, the FDA may require that a sponsor of a drug receiving accelerated approval perform adequate and well-controlled post-marketing clinical trials. In addition, the FDA currently requires as a condition for accelerated approval pre-approval of promotional materials, which could adversely impact the timing of the commercial launch of the product. FDA may withdraw approval of a drug or indication approved under accelerated approval if, for example, the confirmatory trial fails to verify the predicted clinical benefit of the product.

The FDA Safety and Innovation Act established a category of drugs referred to as “breakthrough therapies” that may be eligible to receive breakthrough therapy designation. A sponsor may seek FDA designation of a product candidate as a “breakthrough therapy” if the product is intended, alone or in combination with one or more other products, to treat a serious or life-threatening disease or condition and preliminary clinical evidence indicates that the product may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. If the FDA designates a breakthrough therapy, it may take actions appropriate to expedite the development and review of the application, which may include holding meetings with the sponsor and the review team throughout the development of the therapy; providing timely advice to, and interactive communication with, the sponsor regarding the development of the drug to ensure that the development program to gather the nonclinical and clinical data necessary for approval is as efficient as practicable; involving senior managers and experienced review staff, as appropriate, in a collaborative, cross-disciplinary review; assigning a cross-disciplinary project lead for the FDA review team to facilitate an efficient review of the development program and to serve as a scientific liaison between the review team and the sponsor; and considering alternative clinical trial designs when scientifically appropriate, which may result in smaller trials or more efficient trials that require less time to complete and may minimize the number of patients exposed to a potentially less efficacious treatment. The designation includes all of the fast track program features, which means that the sponsor may file sections of the NDA for review on a rolling basis if certain conditions are satisfied, including an agreement with FDA on the proposed schedule for submission of portions of the application and the payment of applicable user fees before the FDA may initiate a review. The breakthrough therapy designation is a distinct status from both accelerated approval and priority review, which can also be granted to the same drug if relevant criteria are met. If a product is designated as breakthrough therapy, the FDA will work to expedite the development and review of such drug.

Fast track designation, priority review and breakthrough therapy designation do not change the standards for approval but may expedite the development or approval process. Even if a product 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. We may explore some of these opportunities for our product candidates as appropriate.

### ***Post-Approval Requirements***

Once an approval is granted, the FDA may withdraw the approval if compliance with regulatory standards is not maintained or if problems occur after the product reaches the market. Later discovery of previously unknown problems with a product may result in restrictions on the product or even complete withdrawal of the product from the market. After approval, some types of changes to the approved product, such

as adding new indications, certain manufacturing changes and additional labeling claims, are subject to further FDA review and approval. Drug manufacturers and other entities involved in the manufacture and distribution of approved drugs are required to register their establishments with the FDA and certain state agencies, and are subject to periodic unannounced inspections by the FDA and certain state agencies for compliance with cGMP regulations and other laws and regulations. In addition, the FDA may impose a number of post-approval requirements as a condition of approval of an NDA. For example, the FDA may require post-marketing testing, including Phase 4 clinical trials, and surveillance to further assess and monitor the product's safety and effectiveness after commercialization.

Any drug products manufactured or distributed by us or our partners pursuant to FDA approvals will be subject to pervasive and continuing regulation by the FDA, including, among other things, record-keeping requirements, reporting of adverse experiences with the drug, providing the FDA with updated safety and efficacy information, drug sampling and distribution requirements, complying with certain electronic records and signature requirements, and complying with FDA promotion and advertising requirements. The FDA strictly regulates labeling, advertising, promotion and other types of information on products that are placed on the market and imposes requirements and restrictions on drug manufacturers, such as those related to direct-to-consumer advertising, the prohibition on promoting products 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.

Discovery of previously unknown problems or the failure to comply with the applicable regulatory requirements may result in restrictions on the marketing of a product or withdrawal of the product from the market as well as possible civil or criminal sanctions. Failure to comply with the applicable U.S. requirements at any time during the product development process, approval process or after approval, may subject an applicant or manufacturer to administrative or judicial civil or criminal sanctions and adverse publicity. FDA sanctions could include refusal to approve pending applications, withdrawal of an approval, clinical holds on post-approval clinical trials, warning or untitled letters, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, mandated corrective advertising or communications with doctors, debarment, restitution, disgorgement of profits, or civil or criminal penalties.

### ***Marketing Exclusivity***

Market exclusivity provisions under the FDCA can delay the submission or the approval of certain marketing applications. The FDCA provides a five-year period of non-patent marketing exclusivity within the United States to the first applicant to obtain approval of an NDA for a new chemical entity. A drug is a new chemical entity if the FDA has not previously approved any other new drug containing the same active moiety, which is the molecule or ion responsible for the action of the drug substance. During the exclusivity period, the FDA may not approve or even accept for review an abbreviated new drug application, or ANDA, or an NDA submitted under Section 505(b)(2), or 505(b)(2) NDA, submitted by another company for another drug based on the same active moiety, regardless of whether the drug is intended for the same indication as the original innovative drug or for another indication, where the applicant does not own or have a legal right of reference to all the data required for approval. However, an application may be submitted after four years if it contains a certification of patent invalidity or non-infringement to one of the patents listed with the FDA by the innovator NDA holder.

The FDCA alternatively provides three years of marketing exclusivity for an NDA, or supplement to an existing NDA if new clinical investigations, other than bioavailability studies, that were conducted or sponsored by the applicant are deemed by the FDA to be essential to the approval of the application, for example new indications, dosages or strengths of an existing drug. This three-year exclusivity covers only the modification for which the drug received approval on the basis of the new clinical investigations and does not prohibit the FDA from approving ANDAs or 505(b)(2) NDAs for drugs containing the active agent for the original indication or condition of use. Five-year and three-year exclusivity will not delay the submission or approval of a full NDA.

However, an applicant submitting a full NDA would be required to conduct or obtain a right of reference to all of the preclinical studies and adequate and well-controlled clinical trials necessary to demonstrate safety and effectiveness.

Pediatric exclusivity is another type of marketing exclusivity available in the United States. Pediatric exclusivity provides for an additional six months of marketing exclusivity attached to another period of exclusivity if a sponsor conducts clinical trials in children in response to a written request from the FDA. The issuance of a written request does not require the sponsor to undertake the described clinical trials. In addition, orphan drug exclusivity, as described above, may offer a seven-year period of marketing exclusivity, except in certain circumstances.

#### ***U.S. Coverage and Reimbursement***

Significant uncertainty exists as to the coverage and reimbursement status of any product candidate for which we may seek regulatory approval. Sales in the United States will depend, in part, on the availability of sufficient coverage and adequate reimbursement from third-party payors, which include government health programs such as Medicare, Medicaid, TRICARE and the Veterans Administration, as well as managed care organizations and private health insurers. Prices at which we or our customers seek reimbursement for our product candidates can be subject to challenge, reduction or denial by third-party payors.

The process for determining whether a third-party payor will provide coverage for a product is typically separate from the process for setting the reimbursement rate that the payor will pay for the product. A third-party payor's decision to provide coverage for a product does not imply that an adequate reimbursement rate will be available. Additionally, in the United States there is no uniform policy among payors for coverage or reimbursement. Third-party payors often rely upon Medicare coverage policy and payment limitations in setting their own coverage and reimbursement policies, but also have their own methods and approval processes. Therefore, coverage and reimbursement for products can differ significantly from payor to payor. If coverage and adequate reimbursement are not available, or are available only at limited levels, successful commercialization of, and obtaining a satisfactory financial return on, any product we develop may not be possible.

Third-party payors are increasingly challenging the price and examining the medical necessity and cost-effectiveness of medical products and services, in addition to their safety and efficacy. In order to obtain coverage and reimbursement for any product that might be approved for marketing, we may need to conduct expensive studies in order to demonstrate the medical necessity and cost-effectiveness of any products, which would be in addition to the costs expended to obtain regulatory approvals. Third-party payors may not consider our product candidates to be medically necessary or cost-effective compared to other available therapies, or the rebate percentages required to secure favorable coverage may not yield an adequate margin over cost or may not enable us to maintain price levels sufficient to realize an appropriate return on our investment in drug development.

#### ***U.S. Healthcare Reform***

In the United States, there has been, and continues to be, several legislative and regulatory changes and proposed changes regarding the healthcare system that could prevent or delay marketing approval of product candidates, restrict or regulate post-approval activities, and affect the profitable sale of product candidates.

Among policy makers and payors in the United States, 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. In March 2010, the Patient Protection and Affordable Care Act, or ACA, was passed, which substantially changed the way healthcare is financed by both the government and private insurers, and significantly impacts the U.S. pharmaceutical industry. The ACA, among other things:



(1) increased the minimum Medicaid rebates owed by manufacturers under the Medicaid Drug Rebate Program and extended the rebate program to individuals enrolled in Medicaid managed care organizations; (2) created a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Program are calculated for certain drugs and biologics that are inhaled, infused, instilled, implanted or injected; (3) established an annual, nondeductible fee on any entity that manufactures or imports certain specified branded prescription drugs and biologic agents apportioned among these entities according to their market share in certain government healthcare programs; (4) expanded the availability of lower pricing under the 340B drug pricing program by adding new entities to the program; (5) expanded the eligibility criteria for Medicaid programs; (6) created a new Patient-Centered Outcomes Research Institute to oversee, identify priorities in, and conduct comparative clinical effectiveness research, along with funding for such research; (7) created a new Medicare Part D coverage gap discount program, in which manufacturers must agree to offer 50% (and 70% commencing January 1, 2019) point-of-sale discounts off negotiated prices of applicable brand drugs to eligible beneficiaries during their coverage gap period, as a condition for the manufacturer's outpatient drugs to be covered under Medicare Part D; (8) established a new Patient-Centered Outcomes Research Institute to oversee, identify priorities in, and conduct comparative clinical effectiveness research, along with funding for such research; and (9) established a Center for Medicare Innovation at the Centers for Medicare & Medicaid Services, or CMS, to test innovative payment and service delivery models to lower Medicare and Medicaid spending, potentially including prescription drugs.

Some of the provisions of the ACA have yet to be implemented, and there have been judicial and political challenges to certain aspects of the ACA. For example, since January 2017, President Trump has signed two Executive Orders and other directives designed to delay the implementation of certain provisions of the ACA or otherwise circumvent some of the requirements for health insurance mandated by the ACA. Concurrently, Congress has considered legislation that would repeal or replace all or part of the ACA. While Congress has not passed comprehensive repeal legislation, two bills affecting the implementation of certain taxes under the ACA have been signed into law. The Tax Cuts and Jobs Act of 2017, or Tax Act, includes a provision repealing, effective January 1, 2019, the tax-based shared responsibility payment imposed by the ACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the "individual mandate." On January 22, 2018, President Trump signed a continuing resolution on appropriations for fiscal year 2018 that delayed the implementation of certain ACA-mandated fees, including the so-called "Cadillac" tax on certain high cost employer-sponsored insurance plans, the annual fee imposed on certain health insurance providers based on market share, and the medical device excise tax on non-exempt medical devices. The Bipartisan Budget Act of 2018, among other things, amends the ACA, effective January 1, 2019, to close the coverage gap in most Medicare drug plans, commonly referred to as the "donut hole." More recently, in July 2018, CMS published a final rule permitting further collections and payments to and from certain ACA qualified health plans and health insurance issuers under the ACA risk adjustment program in response to the outcome of federal district court litigation regarding the method CMS uses to determine this risk adjustment. On December 14, 2018, a U.S. District Court Judge in the Northern District of Texas, ruled that the individual mandate is a critical and inseparable feature of the ACA, and therefore, because it was repealed as part of the Tax Act, the remaining provisions of the ACA are invalid as well. While the Trump Administration and CMS have both stated that the ruling will have no immediate effect, it is unclear how this decision, subsequent appeals, and other efforts to repeal and replace the ACA will impact the ACA.

Other legislative changes have been proposed and adopted since the ACA was enacted. On August 2, 2011, the Budget Control Act of 2011 was signed into law, which, among other things, resulted in aggregate reductions of Medicare payments to providers of 2% per fiscal year, which went into effect on April 1, 2013 and, due to subsequent legislative amendments to the statute, including the BBA, will remain in effect through 2027 unless additional Congressional action is taken. On January 2, 2013, the American Taxpayer Relief Act of 2012 was signed into law, which, among other things, reduced Medicare payments to several providers, including hospitals, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years.



Moreover, there has recently been heightened governmental scrutiny over the manner in which manufacturers set prices for their marketed products, which has resulted in several Congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drug products. At the federal level, the Trump administration's budget proposal for fiscal year 2019 contains further drug price control measures that could be enacted during the 2019 budget process or in other future legislation, including, for example, measures to permit Medicare Part D plans to negotiate the price of certain drugs under Medicare Part B, to allow some states to negotiate drug prices under Medicaid and to eliminate cost sharing for generic drugs for low-income patients. Additionally, the Trump administration released a "Blueprint" to lower drug prices and reduce out of pocket costs of drugs that contains additional proposals to increase manufacturer competition, increase the negotiating power of certain federal healthcare programs, incentivize manufacturers to lower the list price of their products and reduce the out of pocket costs of drug products paid by consumers. The U.S. Department of Health and Human Services has begun the process of soliciting feedback on some of these measures and, at the same time, is implementing others under its existing authority. Although some of these, and other proposed measures will require authorization through additional legislation to become effective, Congress and the Trump administration have each indicated that it will continue to seek new legislative and/or administrative measures to control drug costs. At the state level, legislatures have increasingly passed legislation and implemented regulations designed to control pharmaceutical product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing.

Additionally, on May 30, 2018, the Trickett Wendler, Frank Mongiello, Jordan McLinn, and Matthew Bellina Right to Try Act of 2017, or Right to Try Act, was signed into law. The law, among other things, provides a federal framework for patients to access certain investigational new drug products that have completed a Phase I clinical trial. Under certain circumstances, eligible patients can seek treatment without enrolling in clinical trials and without obtaining FDA approval under the FDA expanded access program. There is no obligation for a drug manufacturer to make its drug products available to eligible patients as a result of the Right to Try Act.

### ***U.S. Healthcare Fraud and Abuse Laws and Compliance Requirements***

Federal and state healthcare laws and regulations restrict business practices in the biopharmaceutical industry. These laws include anti-kickback and false claims laws and regulations, data privacy and security, and transparency laws and regulations.

The federal Anti-Kickback Statute prohibits, among other things, individuals or entities from knowingly and willfully offering, paying, soliciting or receiving remuneration, directly or indirectly, overtly or covertly, in cash or in kind to induce or in return for purchasing, leasing, ordering or arranging for or recommending the purchase, lease or order of any item or service reimbursable under Medicare, Medicaid or other federal healthcare programs. A person or entity does not need to have actual knowledge of this statute or specific intent to violate it in order to have committed a violation. In addition, the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the civil False Claims Act and the civil monetary penalties statute.

The federal civil and criminal false claims laws and civil monetary penalties laws, including the civil False Claims Act, prohibit, among other things, any individual or entity from knowingly presenting, or causing to be presented, a false claim for payment to the federal government or knowingly making, using or causing to be made or used a false record or statement material to a false or fraudulent claim to the federal government.

The federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, created additional federal civil and criminal statutes that prohibit, among other things, knowingly and willfully executing a scheme to defraud any healthcare benefit program. In addition, HIPAA, as amended by the Health Information

Technology for Economic and Clinical Health Act, and their implementing regulations, imposes certain 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.

The federal Physician Payments Sunshine Act requires certain manufacturers of drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid or the Children's Health Insurance Program, with specific exceptions, to report annually to CMS information related to payments or other transfers of value made to physicians and teaching hospitals, and applicable manufacturers and applicable group purchasing organizations to report annually to CMS ownership and investment interests held by physicians and their immediate family members.

Similar state and local laws and regulations may also restrict business practices in the biopharmaceutical industry, such as state anti-kickback and false claims laws, which may apply to business practices, including but not limited to, research, distribution, sales and marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payors, including private insurers, or by patients themselves; state laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government, or otherwise restrict payments that may be made to healthcare providers and other potential referral sources; state laws and regulations that require drug manufacturers to file reports relating to pricing and marketing information or which require tracking gifts and other remuneration and items of value provided to physicians, other healthcare providers and entities; state and local laws that require the registration of pharmaceutical sales representatives; and state and local laws governing the privacy and security of health information in some circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts.

Efforts to ensure compliance with applicable healthcare laws and regulations can involve substantial costs. Violations of healthcare laws can result in significant penalties, including the imposition of significant civil, criminal and administrative penalties, damages, monetary fines, disgorgement, individual imprisonment, possible exclusion from participation in Medicare, Medicaid and other U.S. healthcare programs, integrity oversight and reporting obligations, contractual damages, reputational harm, diminished profits and future earnings, and curtailment or restructuring of operations.

### ***Foreign Regulation***

In order to market any product outside of the United States, we would need to comply with numerous and varying regulatory requirements of other countries and jurisdictions regarding quality, safety and efficacy and governing, among other things, clinical trials, marketing authorization, commercial sales and distribution of our products. Whether or not we obtain FDA approval for a product, we would need to obtain the necessary approvals by the comparable foreign regulatory authorities before we can commence clinical trials or marketing of the product in foreign countries and jurisdictions. Although many of the issues discussed above with respect to the United States apply similarly in the context of the European Union, or EU, the approval process varies between countries and jurisdictions and can involve additional product testing and additional administrative review periods. The time required to obtain approval in other countries and jurisdictions might differ from and be longer than that required to obtain FDA approval. Regulatory approval in one country or jurisdiction does not ensure regulatory approval in another, but a failure or delay in obtaining regulatory approval in one country or jurisdiction may negatively impact the regulatory process in others.

To market a medicinal product in the European Economic Area, or EEA (which is comprised of the 28 Member States of the EU plus Norway, Iceland and Liechtenstein), we must obtain a Marketing Authorization, or MA. There are two types of marketing authorizations:

- the Community MA, which is issued by the European Commission through the Centralized Procedure, based on the opinion of the Committee for Medicinal Products for Human Use of the European Medicines Agency, or EMA, and which is valid throughout the entire territory of the EEA. The Centralized Procedure is mandatory for certain types of products, such as biotechnology medicinal products, orphan medicinal products, advanced therapy products, and medicinal products containing a new active substance indicated for the treatment certain diseases, such as AIDS, cancer, neurodegenerative disorders, diabetes, auto-immune and viral diseases. The Centralized Procedure is optional for products containing a new active substance not yet authorized in the EEA, or for products that constitute a significant therapeutic, scientific or technical innovation or which are in the interest of public health in the EU; and
- National MAs, which are issued by the competent authorities of the Member States of the EEA and only cover their respective territory, are available for products not falling within the mandatory scope of the Centralized Procedure. Where a product has already been authorized for marketing in a Member State of the EEA, this National MA can be recognized in another Member State through the Mutual Recognition Procedure. If the product has not received a National MA in any Member State at the time of application, it can be approved simultaneously in various Member States through the Decentralized Procedure.

Under the above described procedures, before granting the MA, the EMA or the competent authorities of the Member States of the EEA make an assessment of the risk-benefit balance of the product on the basis of scientific criteria concerning its quality, safety and efficacy.

### *Data and marketing exclusivity*

In the EEA, new products authorized for marketing, or reference products, qualify for eight years of data exclusivity and an additional two years of market exclusivity upon marketing authorization. The data exclusivity period prevents generic or biosimilar applicants from relying on the preclinical and clinical trial data contained in the dossier of the reference product when applying for a generic or biosimilar marketing authorization in the EU during a period of eight years from the date on which the reference product was first authorized in the EU. The market exclusivity period prevents a successful generic or biosimilar applicant from commercializing its product in the EU until 10 years have elapsed from the initial authorization of the reference product in the EU. The 10-year market exclusivity period can be extended to a maximum of eleven years if, during the first eight years of those 10 years, the marketing authorization holder obtains an authorization for one or more new therapeutic indications which, during the scientific evaluation prior to their authorization, are held to bring a significant clinical benefit in comparison with existing therapies.

### *Pediatric investigation plan*

In the EEA, marketing authorization applications for new medicinal products not authorized have to include the results of studies conducted in the pediatric population, in compliance with a pediatric investigation plan, or PIP, agreed with the EMA's Pediatric Committee, or PDCO. The PIP sets out the timing and measures proposed to generate data to support a pediatric indication of the drug for which marketing authorization is being sought. The PDCO can grant a deferral of the obligation to implement some or all of the measures of the PIP until there are sufficient data to demonstrate the efficacy and safety of the product in adults. Further, the obligation to provide pediatric clinical trial data can be waived by the PDCO when these data is not needed or appropriate because the product is likely to be ineffective or unsafe in children, the disease or condition for which the product is intended occurs only in adult populations, or when the product does not represent a significant therapeutic benefit over existing treatments for pediatric patients. Once the marketing authorization is obtained in all Member States of the EU and study results are included in the product information, even when negative, the product is eligible for six months' supplementary protection certificate extension.

### *Orphan drug designation*

In the EEA, a medicinal product can be designated as an orphan drug if its sponsor can establish that the product is intended for the diagnosis, prevention or treatment of a life-threatening or chronically debilitating condition affecting not more than five in ten thousand persons in the EU when the application is made, or that the product is intended for the diagnosis, prevention or treatment of a life-threatening, seriously debilitating or serious and chronic condition in the European Community and that without incentives it is unlikely that the marketing of the drug in the EU would generate sufficient return to justify the necessary investment. For either of these conditions, the applicant must demonstrate that there exists no satisfactory method of diagnosis, prevention or treatment of the condition in question that has been authorized in the EU or, if such method exists, the drug will be of significant benefit to those affected by that condition.

In the EEA, an application for designation as an orphan product can be made any time prior to the filing of an application for approval to market the product. Marketing authorization for an orphan drug leads to a ten-year period of market exclusivity. During this market exclusivity period, the EMA or the member state competent authorities, cannot accept another application for a marketing authorization, or grant a marketing authorization, for a similar medicinal product for the same indication. The period of market exclusivity is extended by two years for medicines that have also complied with an agreed PIP.

This period may, however, be reduced to six years if, at the end of the fifth year, it is established that the product no longer meets the criteria for orphan drug designation, for example because the product is sufficiently profitable not to justify market exclusivity. Market exclusivity can be revoked only in very selected cases, such as consent from the marketing authorization holder, inability to supply sufficient quantities of the product, demonstration of “clinical superiority” by a similar medicinal product, or, after a review by the Committee for Orphan Medicinal Products, requested by a member state in the fifth year of the marketing exclusivity period (if the designation criteria are believed to no longer apply). Medicinal products designated as orphan drugs pursuant are eligible for incentives made available by the EU and its Member States to support research into, and the development and availability of, orphan drugs.

### *Clinical trials*

Clinical trials of medicinal products in the European Union must be conducted in accordance with European Union and national regulations and the International Conference on Harmonization, or ICH, guidelines on GCPs. Additional GCP guidelines from the European Commission, focusing in particular on traceability, apply to clinical trials of advanced therapy medicinal products. If the sponsor of the clinical trial is not established within the European Union, it must appoint an entity within the European Union to act as its legal representative. The sponsor must take out a clinical trial insurance policy, and in most EU countries, the sponsor is liable to provide ‘no fault’ compensation to any study subject injured in the clinical trial.

Prior to commencing a clinical trial, the sponsor must obtain a clinical trial authorization from the competent authority, and a positive opinion from an independent ethics committee. The application for a clinical trial authorization must include, among other things, a copy of the trial protocol and an investigational medicinal product dossier containing information about the manufacture and quality of the medicinal product under investigation. Currently, clinical trial authorization applications must be submitted to the competent authority in each EU Member State in which the trial will be conducted. Under the new Regulation on Clinical Trials, which is currently expected to take effect in 2019, there will be a centralized application procedure where one national authority takes the lead in reviewing the application and the other national authorities have only a limited involvement. Any substantial changes to the trial protocol or other information submitted with the clinical trial applications must be notified to or approved by the relevant competent authorities and ethics committees. Medicines used in clinical trials must be manufactured in accordance with cGMP. Other national and European Union-wide regulatory requirements also apply.

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### *Privacy and data protection laws*

We are also subject to laws and regulations in non-U.S. countries covering data privacy and the protection of health-related and other personal information. EU member states and other jurisdictions have adopted data protection laws and regulations, which impose significant compliance obligations. Laws and regulations in these jurisdictions apply broadly to the collection, use, storage, disclosure, processing and security of personal information that identifies or may be used to identify an individual, such as names, contact information, and sensitive personal data such as health data. These laws and regulations are subject to frequent revisions and differing interpretations, and have generally become more stringent over time.

As of May 25, 2018, Regulation 2016/676, known as the General Data Protection Regulation, or GDPR, replaced the Data Protection Directive with respect to the processing of personal data in the European Union. The GDPR imposes many requirements for controllers and processors of personal data, including, for example, higher standards for obtaining consent from individuals to process their personal data, more robust disclosures to individuals and a strengthened individual data rights regime, shortened timelines for data breach notifications, limitations on retention and secondary use of information, increased requirements pertaining to health data and pseudonymised (i.e., key-coded) data and additional obligations when we contract third-party processors in connection with the processing of the personal data. The GDPR allows EU member states to make additional laws and regulations further limiting the processing of genetic, biometric or health data. Failure to comply with the requirements of GDPR and the applicable national data protection laws of the EU member states may result in fines of up to €20,000,000 or up to 4% of the total worldwide annual turnover of the preceding financial year, whichever is higher, and other administrative penalties.

### **Employees**

As of December 1, 2018, we had 98 full-time employees and 1 part-time employee, 31 of whom have a Ph.D. or M.D. None of our employees are represented by labor unions or covered by collective bargaining agreements. We consider our relationship with our employees to be good.

### **Research and Development**

We have invested \$6.4 million, \$0.2 and \$79.1 million in research and development, including IPR&D, for the year ended December 31, 2017 and the nine months ended September 30, 2017 and 2018, respectively.

### **Facilities**

Our corporate headquarters are located in San Diego, California, where we currently lease approximately 36,091 square feet of office, laboratory and vivarium space. We use our corporate headquarters primarily for corporate, research, development, clinical, regulatory, manufacturing and quality functions. Commencing in January 2019, we have agreed to expand our leased space in our corporate headquarters to a total of approximately 63,667 square feet. Our primary lease for this facility expires in January 2025, and our lease for the expansion space expires in December 2022. We believe that our facilities are adequate to meet our current needs, and that suitable additional alternative spaces will be available in the future on commercially reasonable terms, if required.

### **Legal Proceedings**

We are not currently subject to any material legal proceedings. From time to time, we may be involved in legal proceedings or subject to claims incident to the ordinary course of business. Regardless of the outcome, such proceedings or claims can have an adverse impact on us because of defense and settlement costs, diversion of resources and other factors, and there can be no assurances that favorable outcomes will be obtained.

## MANAGEMENT

### Executive Officers and Directors

The following table sets forth the name, age and position of each of our executive officers and directors as of December 15, 2018.

<u>Name</u>	<u>Age</u>	<u>Position</u>
<b>Executive Officers</b>		
Sheila Gujrathi, M.D.	48	President, Chief Executive Officer and Director
Faheem Hasnain	60	Executive Chairman of the Board of Directors
Bryan Giraud	43	Chief Financial Officer
Christian Waage	51	Executive Vice President and General Counsel
Jakob Dupont, M.D.	53	Chief Medical Officer
Luisa Salter-Cid, Ph.D.	59	Chief Scientific Officer
<b>Non-Employee Directors</b>		
Joshua H. Bilenker, M.D.(1)(2)	47	Director
Kristina Burow(3)	45	Director
Russell Cox(1)(3)	55	Director
Thomas Daniel, M.D.(3)	64	Director
Renée Galá(1)	46	Director
Otello Stampacchia, Ph.D.(2)	49	Director
Wenkai Xiang, Ph.D.(2)	50	Director

(1) Member of the audit committee

(2) Member of the nominating and corporate governance committee

(3) Member of the compensation committee

### Executive Officers

*Sheila Gujrathi, M.D.* is our Co-Founder and has served as our President and Chief Executive Officer since July 2018 and as a member of our board of directors since our inception in October 2015. She previously served as our President and Chief Operating Officer from our inception until July 2018. Prior to joining us, Dr. Gujrathi served as Chief Medical Officer of Receptos, Inc. from June 2011 until the company's acquisition by Celgene Corporation in August 2015. Prior to joining Receptos, she was Vice President of the Global Clinical Research Group in Immunology at Bristol-Myers Squibb from 2008 to 2011. Dr. Gujrathi also worked at Genentech, Inc. from 2002 to 2008 where she held roles of increasing responsibility in the Immunology, Tissue Growth and Repair clinical development group, and served as the Avastin Franchise Team Leader. From 1999 to 2002, Dr. Gujrathi was a management consultant at McKinsey & Company in the healthcare practice where she provided strategic advice on a variety of projects in the healthcare and pharmaceutical industry. Dr. Gujrathi serves as a member of the board of directors of Five Prime Therapeutics, Inc. and TP Therapeutics, Inc. and previously served as a member of the board of directors of Ambrx Inc. Dr. Gujrathi received her B.S. with highest distinction in Biomedical Engineering and her M.D. from Northwestern University in their accelerated Honors Program in Medical Education. She completed her Internal Medicine Internship and Residency at Brigham and Women's Hospital, Harvard Medical School. She received additional training at University of California, San Francisco and Stanford University in their Allergy and Immunology Fellowship Program. Dr. Gujrathi's knowledge of our business, as well as her extensive development, clinical and executive management experience, contributed to our board of directors' conclusion that she should serve as a director of our company.

*Faheem Hasnain* is our Co-Founder and served as our Chairman and Chief Executive Officer from our inception through July 2018, at which time he became our Executive Chairman. Prior to joining us, Mr. Hasnain

served as President, Chief Executive Officer and as a director of Receptos from November 2010 until the company's acquisition by Celgene in August 2015. Prior to joining Receptos, Mr. Hasnain was the President and Chief Executive Officer and a director of Facet Biotech Corporation. He held that position from December 2008 until the company's acquisition by Abbott Laboratories in April 2010. Previously, Mr. Hasnain was President, Chief Executive Officer and a director of PDL BioPharma, Inc. from October 2008 until Facet Biotech was spun off from PDL BioPharma in December 2008. From October 2004 to September 2008, Mr. Hasnain served at Biogen Inc., most recently as Executive Vice President in charge of the oncology/rheumatology strategic business unit. Prior to Biogen, Mr. Hasnain held roles with Bristol-Myers Squibb, where he was President of Oncology Therapeutics Network, and for 14 years at GlaxoSmithKline and its predecessor organizations. He serves as Chairman of the board of directors of SENTE, Inc., Tocagen, Inc. and Vital Therapies, Inc., and as a member of the board of directors of Kura Oncology, Inc. He previously served as Chairman of the board of directors of Ambit Biosciences Corporation and served as a member of the board of directors of Aragon Pharmaceuticals, Seragon Pharmaceuticals, Inc., Pernix Sleep, Inc., Somaxon Pharmaceuticals, Inc. and Tercica, Inc. Mr. Hasnain received a B.H.K. and B.Ed. from the University of Windsor Ontario in Canada. Mr. Hasnain's knowledge of our business, as well as his years of experience in drug discovery and development and as a biopharmaceutical executive and board member, contributed to our board of directors' conclusion that he should serve as Executive Chairman of our company.

*Bryan Giraudo* has served as our Chief Financial Officer since May 2018. Prior to joining us, Mr. Giraudo was a Senior Managing Director at Leerink Partners from 2009 to April 2018, where he was responsible for their western North America and Asia Pacific biotechnology and medical technology banking practice. Before joining Leerink, Mr. Giraudo was a Managing Director in Merrill Lynch, Pierce, Fenner & Smith Incorporated's Global Healthcare Investment Banking Group. He has been a member of the board of directors of Protagonist Therapeutics, Inc. since May 2018. Mr. Giraudo received his B.A. from Georgetown University.

*Christian Waage* has served as our Executive Vice President and General Counsel since August 2017. Previously, Mr. Waage held various positions from November 2013 to August 2016 at Receptos, most recently serving as Managing Director after its acquisition by Celgene, previously serving as Senior Vice President and General Counsel. From 2012 through its acquisition by Vista Equity Partners LLC in 2013, he served as Vice President, General Counsel and Corporate Secretary at Websense, Inc. From 2008 through its acquisition by AstraZeneca PLC in 2012, Mr. Waage served as Vice President, General Counsel and Corporate Secretary of Ardea Biosciences, Inc. Prior to 2008, Mr. Waage served as a partner at DLA Piper LLP. He has been a member of the board of directors of Heron Therapeutics, Inc. since June 2016. Mr. Waage received his J.D. from the University of San Diego, School of Law and a B.A. degree in economics from the University of California, San Diego.

*Jakob Dupont, M.D.* has served as our Chief Medical Officer since December 2018. He previously served as the Vice President and Global Head of Breast and Gynecologic Cancer Development for Genentech from January 2017 to December 2018. Before that, Mr. Dupont served as the Senior Vice President and Chief Medical Officer of OncoMed Pharmaceuticals, Inc. from January 2012 to December 2016 and as the Vice President, Clinical Research from October 2011 to January 2012. From September 2006 to October 2011, Dr. Dupont held roles of increasing responsibility in early to late-stage clinical development at Genentech Inc., most recently as its Global Medical Director, Avastin from January 2011, in which capacity he oversaw the global medical strategy and late-stage medical program for Avastin. Since February 2009, Dr. Dupont has also served as an adjunct clinical assistant professor at the Stanford University School of Medicine. Prior to joining Genentech in 2006, Dr. Dupont was a faculty member and laboratory researcher at Memorial Sloan-Kettering Cancer Center from January 2002 to September 2006. Dr. Dupont received an A.B. in Philosophy from Vassar College, received an M.A. in Philosophy from New York University, studied pre-medical sciences at Columbia University and received an M.D. from the Joan & Sanford I. Weill Medical College of Cornell University. Dr. Dupont completed his Medical Oncology Fellowship at Memorial Sloan-Kettering Cancer Center, his Internal

Medicine Residency at the New York Presbyterian Hospital—Cornell Campus, and his Internal Medicine Internship at The University of Michigan Medical Center in Ann Arbor, Michigan.

*Luisa Salter-Cid, Ph.D.* has served as our Chief Scientific Officer since August 2018. Prior to joining us, Dr. Salter-Cid worked at Bristol-Myers Squibb in increasing positions of responsibility from 2005 to August 2018, most recently as Vice President and Head of Immunology, small molecule Immuno-Oncology and Genomics Discovery where she focused on target validation and development of innovative biologic and small-molecule therapeutics to address significant unmet needs in autoimmune diseases and cancer. During her time at Bristol-Myers Squibb, Dr. Salter-Cid led teams that advanced more than 20 compounds into clinical development, and is an author on over 70 publications and patents. Previously, from 2002 to 2005, Dr. Salter-Cid was a Senior Project Leader at La Jolla Pharmaceuticals, Inc. Dr. Salter-Cid also held positions at Genset Corporation and Johnson & Johnson. She was a member of the Scientific Advisory Board of Enterome SA until July 2018. Dr. Salter-Cid holds a B.S. in Biology from University of Lisbon and a Ph.D. in Immunology from the University of Miami School of Medicine.

#### **Non-Employee Directors**

*Joshua H. Bilenker, M.D.* has served as a member of our board of directors since December 2018. He has served as Chief Executive Officer of Loxo Oncology, Inc. since July 2013. Dr. Bilenker joined Aisling Capital LLC in April 2006 and has served as an Operating Partner since November 2013. Previously, Dr. Bilenker served as a Medical Officer in the Office of Oncology Drug Products at the FDA from August 2004 to April 2006. Dr. Bilenker has served on the board of directors of Loxo Oncology, Inc. since July 2013 as well as on the boards of directors of several private companies. Dr. Bilenker previously served on the board of directors of ViewRay, Inc. from January 2008 to June 2017, T2 Biosystems, Inc. from August 2011 to January 2017 and Roka Bioscience, Inc. from January 2012 to March 2015. He formerly served as a board member of the NCCN Foundation and BioEnterprise. Dr. Bilenker holds an A.B. in English from Princeton University and an M.D. from the Johns Hopkins School of Medicine. Dr. Bilenker's experience at the FDA and his extensive service as a director or officer of, and as an investor in, other healthcare companies contributed to our board of directors' conclusion that he should serve as a director of our company.

*Kristina Burow* has served on our board of directors since January 2018. She has served as a Managing Director with ARCH Venture Partners, or ARCH, since November 2011 and previously held roles of increasing responsibility at ARCH from August 2002 to November 2011. Ms. Burow also currently serves on the boards of directors of Vividion Therapeutics, Inc., Beam Therapeutics Inc., Sienna Biopharmaceuticals, Inc., Lycera Corp., BlackThorn Therapeutics, Inc., Metacrine, Inc., Scholar Rock, Inc., Unity Biotechnology Inc., AgBiome Inc., Boragen, Inc., AgTech Accelerator and Vir Biotechnology Inc. She previously was a co-founder and director of Receptos prior to its acquisition and of Sapphire Energy, Inc. Prior to ARCH, Ms. Burow was an Associate with the Novartis BioVenture Fund in San Diego and an early employee at the Genomics Institute of the Novartis Research Foundation. Ms. Burow holds a B.A. in Chemistry from the University of California, Berkeley, an M.A. in Chemistry from Columbia University and an M.B.A. from the University of Chicago. Ms. Burow's extensive experience serving on the board of directors of clinical-stage biotechnology companies and her investment experience in the life sciences industry contributed to our board of directors' conclusion that she should serve as a director of our company.

*Russell Cox* has served on our board of directors since December 2018. He has served as a member of the board of directors and as Chief Executive Officer of Vital Therapies, Inc., a biotechnology company, since January 2018. Between May 2014 and January 2018, he served as the Executive Vice President and Chief Operating Officer of Jazz Pharmaceutical plc, or Jazz, with responsibility for global commercial activities, research and development, manufacturing and technical operations, new product planning and global



molecule leadership. Prior to that, Mr. Cox served as Jazz's Executive Vice President and Chief Commercial Officer from March 2012 until May 2014. Earlier, he served in a variety of senior management roles at Jazz, which he joined in 2010. Previously, Mr. Cox served as Senior Vice President and Chief Commercial Officer of Ipsen Group, a pharmaceutical company, from January 2009 to January 2010. From 2007 until December 2008, he was Vice President of Marketing at Tercica, Inc. prior to its acquisition by Ipsen Group. From 2003 to 2007, he served as Vice President, Marketing with Scios Inc., which was acquired by Johnson & Johnson in 2003. Before 2003, Mr. Cox spent 12 years with Genentech, where he was a Product Team Leader responsible for the growth hormone franchise and led numerous product launches as a Group Product Manager. Mr. Cox has served on the board of directors of Aeglea BioTherapeutics, Inc., a biotechnology company, since 2015. Mr. Cox received a B.S. in biomedical science from Texas A&M University. Mr. Cox's extensive industry experience with life sciences companies contributed to our board of directors' conclusion that he should serve as a director of our company.

*Thomas Daniel, M.D.* has served on our board of directors since January 2018. Dr. Daniel has served as a venture partner with ARCH Venture Partners since October 2016. Dr. Daniel has been the Executive Chairman of Vividion Therapeutics, Inc. since February 2017. Dr. Daniel was previously Celgene's Chairman of Research from January 2016 until June 2016, President of Research and Early Development from December 2006 to January 2016, and Executive Vice President and President of Research and Early Development from February 2012 until January 2016. Prior to joining Celgene, Dr. Daniel served as the Chief Scientific Officer and director at Ambrx Inc. Prior to Ambrx, Dr. Daniel served as Vice President of Research at Amgen Inc., where he was research site head of Amgen Washington and therapeutic area head of inflammation. Dr. Daniel also served as the Senior Vice President of Discovery Research at Immunex Corporation until its acquisition by Amgen. Dr. Daniel is a director of publicly held companies, Zafgen, Inc., Magenta Therapeutics, Inc., and privately-held biotechnology companies, Vir Biotechnology Inc., ImmusanT, Inc., Locana, Inc. and Sana Biotechnology. He was previously a director at Epizyme, Inc. and Juno Therapeutics. Dr. Daniel serves as a member of the Biomedical Science Advisory Board of Vanderbilt University Medical Center, the Scientific Advisory Board of the Parker Institute for Cancer Immunotherapy and the Board of Overseers for The Scripps Research Institute. A nephrologist and former academic investigator, Dr. Daniel was previously the K.M. Hakim Professor of Medicine and Cell Biology at Vanderbilt University, and Director of the Vanderbilt Center for Vascular Biology. Dr. Daniel received a B.A. from the Southern Methodist University in Texas in 1974 and an M.D. from the University of Texas, Southwestern, in 1978, and completed medical residency at Massachusetts General Hospital. Dr. Daniel's significant academic and research experience and his experience serving on numerous boards contributed to our board of directors' conclusion that he should serve as a director of our company.

*Renée Galá* has served on our board of directors since December 2018. Currently, Ms. Galá is Senior Vice President and Chief Financial Officer at Theravance Biopharma following the company's spinout from Theravance, Inc. Ms. Galá joined Theravance (now Innoviva, Inc.) and held various roles in the finance organization before leading the company's spin-out transaction. Before Theravance, Ms. Galá worked at Eli Lilly and Company, where she held positions of increasing responsibility in global treasury, pharmaceutical sales, and corporate strategy/business development. Prior to joining Eli Lilly, she spent seven years in the energy industry in the United States and internationally in positions focused on corporate finance, project finance, and mergers and acquisitions. She has been a member of the board of directors of Corcept Therapeutics Inc. since June 2016. Ms. Galá holds a bachelor's degree in mathematics from Vanderbilt University and an MBA from Columbia Business School. Ms. Galá's experience as a Chief Financial Officer in the life science industry, her leadership and management experience and her financial expertise contributed to our board of directors' conclusion that she should serve as a director of our company.

*Otello Stampacchia, Ph.D.* has served on our board of directors since January 2018. He has served as founder and Managing Director of Omega Funds since 2004. Previously, Dr. Stampacchia was in charge of life sciences direct investments at AlpInvest Partners B.V. from 2001 to 2003, and from 2000 to 2001, Dr. Stampacchia was the portfolio manager of the Lombard Odier Immunology Fund. Previously, Dr. Stampacchia was a member of the healthcare corporate finance and mergers and acquisitions team at

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Goldman Sachs Group, Inc. from 1997 to 2000. Before joining Goldman Sachs, Dr. Stampacchia helped co-found the healthcare investment activities at Index Securities, now Index Ventures, Inc. Dr. Stampacchia is currently a member of the boards of directors of Replimune Group, Inc., Kronos Bio, Inc., Morphic Therapeutic and ESSA Pharma, Inc. Previously, Dr. Stampacchia served on the boards of directors of Paratek Pharmaceuticals, Micromet, CropDesign NV and DeveloGen AG. He has a Ph.D. degree in Molecular Biology from the University of Geneva and a European Ph.D. in Biotechnology (EDBT) from the European Association for Higher Education in Biotechnology. He has an M.S. in Genetics from Università degli Studi di Pavia. Dr. Stampacchia's extensive experience investing in and serving on the boards of life science companies contributed to our board of directors' conclusion that he should serve as a director of our company.

*Wenkai Xiang, Ph.D.* has served on our board of directors since December 2018. He is currently a Managing Director at Hillhouse Capital Group, or, together with its affiliates, Hillhouse, and has worked with Hillhouse since September 2018. From July 2016 to August 2018, Dr. Xiang served as a Partner at 6 Dimensions Capital, and from March 2013 to July 2016, he was Managing Director and Head of International Investments and Business Development at Humanwell Healthcare (Group) Co., Ltd. Prior to that, Dr. Xiang worked as Managing Director of Burrill & Company from December 2011 to December 2012. Dr. Xiang is currently a member of the board of directors of Viela Bio, Inc., a private biotechnology company. He received a B.S. in Microbiology and Immunology from Fudan University, a Ph.D. in Molecular and Cellular Biology from Stony Brook University and an M.B.A. from The Wharton School. Dr. Xiang's extensive experience investing in the healthcare sector contributed to our board of directors' conclusion that he should serve as a director of our company.

### **Board Composition and Election of Directors**

#### ***Director Independence***

Our board of directors currently consists of nine members. Our board of directors has determined that all of our directors, other than Sheila Gujrathi, M.D. and Faheem Hasnain, are independent directors in accordance with the listing requirements of the Nasdaq Global Select Market. The Nasdaq independence definition includes a series of objective tests, including that the director is not, and has not been for at least three years, one of our employees and that neither the director nor any of his or her family members has engaged in various types of business dealings with us. In addition, as required by Nasdaq rules, our board of directors has made a subjective determination as to each independent director that no relationships exist, which, in the opinion of our board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of the director. In making these determinations, our board of directors reviewed and discussed information provided by the directors and us with regard to each director's business and personal activities and relationships as they may relate to us and our management. There are no family relationships among any of our directors or executive officers.

#### ***Classified Board of Directors***

In accordance with the terms of our amended and restated certificate of incorporation that will go into effect immediately prior to the closing of this offering, our board of directors will be divided into three classes with staggered, three-year terms. At each annual meeting of stockholders, the directors whose terms then expire will be eligible for reelection until the third annual meeting following reelection. Effective upon the closing of this offering, our directors will be divided among the three classes as follows:

- the Class I directors will be Ms. Burow, Dr. Daniel and Dr. Gujrathi, and their terms will expire at our first annual meeting of stockholders following this offering;
- the Class II directors will be Dr. Bilenker, Mr. Hasnain and Dr. Stampacchia, and their terms will expire at our second annual meeting of stockholders following this offering; and
- the Class III directors will be Mr. Cox, Ms. Galá and Dr. Xiang, and their terms will expire at our third annual meeting of stockholders following this offering.

Our amended and restated certificate of incorporation that will go into effect immediately prior to the closing of this offering will provide that the authorized number of directors may be changed only by resolution of the board of directors. Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors. The division of our board of directors into three classes with staggered three-year terms may delay or prevent a change of our board of directors or a change in control of our company. Our directors may be removed only for cause by the affirmative vote of the holders of at least two-thirds of our outstanding voting stock then entitled to vote in an election of directors.

In addition, our board designation agreement with HH Goss Holdings LLC, one of our stockholders, provides that it or its affiliates will, effective as of the closing of this offering, have the right to designate one member to our board of directors and have such member appointed to any board committee that it requests, in each case, subject to our obligation to comply with applicable law and Nasdaq listing standards. See “Certain Relationships and Related Person Transactions—Board Designation Agreement with Hillhouse” for additional information on the agreement, including termination provisions.

### **Board Leadership Structure**

Our board of directors is currently led by our Executive Chairman, Faheem Hasnain. Our board of directors recognizes that it is important to determine an optimal board leadership structure to ensure the independent oversight of management as the company continues to grow. We separate the roles of chief executive officer and chairman of the board in recognition of the differences between the two roles. The chief executive officer is responsible for setting the strategic direction for our company and the day-to-day leadership and performance of our company, while the chairman of the board of directors provides guidance to the chief executive officer and presides over meetings of the full board of directors. We believe that this separation of responsibilities provides a balanced approach to managing the board of directors and overseeing our company.

Our board of directors has concluded that our current leadership structure is appropriate at this time. However, our board of directors will continue to periodically review our leadership structure and may make such changes in the future as it deems appropriate.

### **Role of Board in Risk Oversight Process**

Our board of directors has responsibility for the oversight of our risk management processes and, either as a whole or through its committees, regularly discusses with management our major risk exposures, their potential impact on our business and the steps we take to manage them. The risk oversight process includes receiving regular reports from board committees and members of senior management to enable our board to understand our risk identification, risk management and risk mitigation strategies with respect to areas of potential material risk, including operations, finance, legal, regulatory, strategic and reputational risk.

The audit committee reviews information regarding liquidity and operations, and oversees our management of financial risks. Periodically, the audit committee reviews our policies with respect to risk assessment, risk management, loss prevention and regulatory compliance. Oversight by the audit committee includes direct communication with our external auditors, and discussions with management regarding significant risk exposures and the actions management has taken to limit, monitor or control such exposures. The compensation committee is responsible for assessing whether any of our compensation policies or programs has the potential to encourage excessive risk-taking. The nominating and corporate governance committee manages risks associated with the independence of the board, corporate disclosure practices and potential conflicts of interest. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire board is regularly informed through committee reports about such risks. Matters of significant strategic risk are considered by our board as a whole.

## **Board Committees and Independence**

Our board of directors has established three standing committees—audit, compensation and nominating and corporate governance—each of which operates under a charter that has been approved by our board. In addition, our board designation agreement with Hillhouse provides that Hillhouse’s director designee shall be appointed to any board committee Hillhouse requests, subject to our obligation to comply with applicable law and Nasdaq listing standards. See “Certain Relationships and Related Person Transactions—Board Designation Agreement with Hillhouse Capital” for additional information on the agreement, including termination provisions.

### ***Audit Committee***

The audit committee’s main function is to oversee our accounting and financial reporting processes and the audits of our consolidated financial statements. This committee’s responsibilities include, among other things:

- appointing our independent registered public accounting firm;
- evaluating the qualifications, independence and performance of our independent registered public accounting firm;
- approving the audit and non-audit services to be performed by our independent registered public accounting firm;
- reviewing the design, implementation, adequacy and effectiveness of our internal accounting controls and our critical accounting policies;
- discussing with management and the independent registered public accounting firm the results of our annual audit and the review of our quarterly unaudited financial statements;
- reviewing, overseeing and monitoring the integrity of our consolidated financial statements and our compliance with legal and regulatory requirements as they relate to financial statements or accounting matters;
- reviewing on a periodic basis, or as appropriate, any investment policy and recommending to our board any changes to such investment policy;
- reviewing with management and our auditors any earnings announcements and other public announcements regarding our results of operations;
- preparing the report that the SEC requires in our annual proxy statement;
- reviewing and approving any related party transactions and reviewing and monitoring compliance with our code of conduct and ethics; and
- reviewing and evaluating, at least annually, the performance of the audit committee and its members including compliance of the audit committee with its charter.

The members of our audit committee are Ms. Galá, Dr. Bilenker and Mr. Cox. Ms. Galá serves as the chairperson of the committee. All members of our audit committee meet the requirements for financial literacy under the applicable rules and regulations of the SEC and the Nasdaq Global Select Market. Our board of directors has determined that Ms. Galá is an “audit committee financial expert” as defined by applicable SEC rules and has the requisite financial sophistication as defined under the applicable Nasdaq listing standards. Our

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board of directors has determined each of Ms. Galá, Dr. Bilenker and Mr. Cox is independent under the applicable rules of the SEC and the Nasdaq Global Select Market. Upon the listing of our common stock on the Nasdaq Global Select Market, the audit committee will operate under a written charter that satisfies the applicable standards of the SEC and the Nasdaq Global Select Market.

### ***Compensation Committee***

Our compensation committee approves policies relating to compensation and benefits of our officers and employees. The compensation committee approves corporate goals and objectives relevant to the compensation of our Chief Executive Officer and other executive officers, evaluates the performance of these officers in light of those goals and objectives and approves the compensation of these officers based on such evaluations. The compensation committee also approves the issuance of stock options and other awards under our equity plans. The compensation committee will review and evaluate, at least annually, the performance of the compensation committee and its members, including compliance by the compensation committee with its charter.

The members of our compensation committee are Ms. Burow, Mr. Cox and Dr. Daniel. Ms. Burow serves as the chairperson of the committee. Our board of directors has determined that each of Ms. Burow, Mr. Cox and Dr. Daniel is independent under the applicable Nasdaq listing standards, is a “non-employee director” as defined in Rule 16b-3 promulgated under the Exchange Act. Upon the listing of our common stock on the Nasdaq Global Select Market, the compensation committee will operate under a written charter, which the compensation committee will review and evaluate at least annually.

### ***Nominating and Corporate Governance Committee***

The nominating and corporate governance committee is responsible for assisting our board of directors in discharging the board’s responsibilities regarding the identification of qualified candidates to become board members, the selection of nominees for election as directors at our annual meetings of stockholders (or special meetings of stockholders at which directors are to be elected), and the selection of candidates to fill any vacancies on our board of directors and any committees thereof. In addition, the nominating and corporate governance committee is responsible for overseeing our corporate governance policies, reporting and making recommendations to our board of directors concerning governance matters and oversight of the evaluation of our board of directors. The members of our nominating and corporate governance committee are Dr. Stampacchia, Dr. Bilenker and Dr. Xiang. Dr. Stampacchia serves as the chairperson of the committee. Our board has determined that each of Dr. Stampacchia, Dr. Bilenker and Dr. Xiang is independent under the applicable Nasdaq listing standards. Upon the listing of our common stock on the Nasdaq Global Select Market, the nominating and corporate governance committee will operate under a written charter, which the nominating and corporate governance committee will review and evaluate at least annually.

### **Compensation Committee Interlocks and Insider Participation**

None of the members of our compensation committee has ever been one of our officers or employees. None of our executive officers currently serves, or has served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our board of directors or compensation committee other than Mr. Cox who serves as the Chief Executive Officer of Vital Therapies, Inc., for which Mr. Hasnain serves on the compensation committee.

### **Board Diversity**

Upon the closing of this offering, our nominating and corporate governance committee will be responsible for reviewing with the board of directors, on an annual basis, the appropriate characteristics, skills and experience required for the board of directors as a whole and its individual members. In evaluating the

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suitability of individual candidates (both new candidates and current members) for election or appointment, the nominating and corporate governance committee and the board of directors will take into account many factors, including the following:

- personal and professional integrity, ethics and values;
- experience in corporate management, such as serving as an officer or former officer of a publicly-held company;
- experience as a board member or executive officer of another publicly-held company;
- strong finance experience;
- diversity of expertise and experience in substantive matters pertaining to our business relative to other board members;
- diversity of background and perspective, including, but not limited to, with respect to age, gender, race, place of residence and specialized experience;
- experience relevant to our business industry and with relevant social policy concerns; and
- relevant academic expertise or other proficiency in an area of our business operations.

Currently, our board of directors evaluates, and following the closing of this offering will evaluate, each individual in the context of the board of directors as a whole, with the objective of assembling a group that can best maximize the success of the business and represent stockholder interests through the exercise of sound judgment using its diversity of experience in these various areas.

### **Code of Business Conduct and Ethics**

We plan to adopt a written code of business conduct and ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, which will be effective upon the completion of this offering. Upon the closing of this offering, our code of business conduct and ethics will be available under the Corporate Governance section of our website at [www.gossamerbio.com](http://www.gossamerbio.com). In addition, we intend to post on our website all disclosures that are required by law or the listing standards of the Nasdaq Global Select Market concerning any amendments to, or waivers from, any provision of the code. The reference to our website address does not constitute incorporation by reference of the information contained at or available through our website, and you should not consider it to be a part of this prospectus.

## EXECUTIVE AND DIRECTOR COMPENSATION

This section discusses the material components of the executive compensation program for our executive officers who are named in the “Summary Compensation Table” below.

Sheila Gujrathi, M.D., our President and Chief Executive Officer and former Chief Operating Officer, Faheem Hasnain, our Executive Chairman and former Chief Executive Officer, and Christian Waage, our Executive Vice President and General Counsel, were our only executive officers during 2017 and, accordingly, are our named executive officers for 2017. We did not pay any cash compensation to any executive officer or board member in 2017. Cash compensation to our executive officers commenced in January 2018 in connection with the closing of our Series A preferred stock financing. Mr. Waage, however, received a restricted stock award in November 2017 in consideration of his services to us, which is the only compensation paid to our named executive officers for 2017.

Our other current executive officers commenced employment with us during 2018. Bryan Giraudo, our Chief Financial Officer, commenced employment in May 2018. Luisa Salter-Cid, Ph.D., our Chief Scientific Officer, commenced employment in August 2018. Jakob Dupont, M.D., our Chief Medical Officer, commenced employment in December 2018. In addition to Dr. Gujrathi and Mr. Hasnain, each of whom served as our principal executive officer for a portion of 2018, Mr. Giraudo and Dr. Dupont are also named executive officers for 2018. We have voluntarily included Mr. Waage as an additional named executive officer for 2018 due to his status as a named executive officer in 2017.

This discussion may contain forward-looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs. Actual compensation programs that we adopt following the closing of this offering may differ materially from the currently planned programs summarized in this discussion.

### Summary Compensation Table

The following table presents summary information regarding the total compensation that was awarded to, earned by or paid to our named executive officers for services rendered during the years ended December 31, 2017 and 2018.

<u>Name and principal position</u>	<u>Year</u>	<u>Salary (\$)</u>	<u>Bonus (\$)</u>	<u>Stock awards (\$)(1)</u>	<u>Option awards (\$)(1)</u>	<u>Non-equity Incentive Plan Compensation (\$)</u>	<u>All other compensation (\$)</u>	<u>Total (\$)</u>
Sheila Gujrathi, M.D.	2018	469,601	(2)	17,942,611	—	—	—	18,412,211(3)
<i>President and Chief Executive Officer and Former Chief Operating Officer</i>	2017	—	—	—	—	—	—	—
Faheem Hasnain	2018	469,601	(2)	17,942,611	—	—	—	18,412,211(3)
<i>Executive Chairman and Former Chief Executive Officer</i>	2017	—	—	—	—	—	—	—
Christian Waage	2018	365,794	(2)	—	316,000	—	—	681,794(3)
<i>EVP and General Counsel</i>	2017	—	—	46,995	—	—	—	46,995
Bryan Giraudo(4)	2018	260,605	(2)	—	1,799,690	—	—	2,060,295(3)
<i>Chief Financial Officer</i>								
Jakob Dupont, M.D.(5)	2018	20,167	85,000(6)	—	3,422,122	—	3,165(7)	3,530,454
<i>Chief Medical Officer</i>								

(1) This column reflects the grant date fair value of the restricted stock and option awards granted to the named executive officers in the applicable fiscal year. In accordance with SEC rules, this column reflects the aggregate fair value of the stock award granted to Mr. Waage during 2017 computed as of its grant date in accordance with Financial Accounting Standards, Standard Board Accounting Codification Topic 718 for stock-based compensation transactions (ASC 718). Assumptions used in the calculation of this amount is

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included in Note 9 to our consolidated financial statements appearing elsewhere in this prospectus. This amount does not reflect the actual economic value that will be realized by the named executive officers upon the vesting or exercise of the awards or the sale of the common stock underlying such awards.

- (2) Bonuses for 2018 have not yet been determined and we expect that they will be determined by our board of directors or the compensation committee in the first quarter of 2019.
- (3) Does not include the bonus payable to the named executive officer for 2018, which has not yet been determined.
- (4) Mr. Giraudo commenced employment as our Chief Financial Officer on May 7, 2018.
- (5) Dr. Dupont commenced employment as our Chief Medical Officer on December 14, 2018.
- (6) Bonus for 2018 represents a sign-on bonus.
- (7) All other compensation for 2018 includes a commuting allowance of \$2,400 and a tax gross up payment of \$765.

### **Narrative Disclosure to Compensation Tables**

#### ***Annual Base Salary***

The compensation of our executive officers is generally determined and approved at the time of their commencement of employment by our board of directors or the compensation committee. As noted above, none of our named executive officers received any cash compensation for 2017.

In connection with the closing of our Series A preferred stock financing in January 2018, our board of directors established the initial base salaries for each of our named executive officers as follows: Dr. Gujrathi, \$475,000, Mr. Hasnain, \$475,000, and Mr. Waage, \$370,000. In connection with their commencement of employment in May, August and December 2018, respectively, the base salaries for Mr. Giraudo, Dr. Salter-Cid and Dr. Dupont were set at \$400,000, \$350,000 and \$440,000, respectively, by our board of directors.

In December 2018, our board of directors, acting on the recommendation of our compensation committee, approved increases to the base salaries for each of Dr. Gujrathi, Mr. Waage and Dr. Salter-Cid to \$520,000, \$390,000 and \$380,000, respectively, with such increases to be effective upon completion of this offering.

#### ***Bonus Compensation***

From time to time our board of directors or compensation committee may approve bonuses for our named executive officers based on individual performance, company performance or as otherwise determined appropriate. No formal bonus plan was in effect during 2017 and none of our named executive officers received a bonus in 2017.

For 2018, each named executive officer (other than Dr. Dupont) may be eligible for a performance bonus based upon the achievement of certain corporate performance goals and objectives approved by our board of directors. The employment letters with each of our executive officers set forth their target annual bonus levels, which are currently as follows: 50% of base salary for Dr. Gujrathi and Mr. Hasnain and 40% of base salary for Messrs. Waage and Giraudo and Dr. Salter-Cid.

For 2018, no formal bonus plan has been adopted by our board of directors and any bonuses payable to our executive officers will be determined in the board's discretion based on the company's performance and individual executive performance during the year. Bonuses for 2018 have not yet been determined and we expect that they will be determined by our board of directors or the compensation committee in the first quarter of 2019.

#### ***Equity-Based Incentive Awards***

Our equity-based incentive awards are designed to align our interests and the interests of our stockholders with those of our employees and consultants, including our named executive officers. Our board of directors or the compensation committee approves equity grants.



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Prior to the completion of our Series A preferred stock financing in January 2018, we issued restricted stock to certain of our executive officers and consultants. Following the adoption of our 2017 equity incentive plan, or the 2017 Plan, we have generally granted equity awards pursuant to the 2017 Plan (other than awards to Dr. Gujrathi and Mr. Hasnain, which have not been granted under the 2017 Plan, as described below). Following this offering, we will grant equity incentive awards under the terms of our 2019 equity incentive plan, or the 2019 Plan. The terms of our equity plans are described below under “—Incentive Award Plans.”

Since January 2018, we have used stock options as the primary incentive for long-term compensation to our employees, directors and consultants because they are able to profit from stock options only if our stock price increases relative to the stock option’s exercise price, which exercise price is set at the fair market value of our common stock at the date of grant. We may grant equity awards at such times as our board of directors determines appropriate. With the exception of our named executive officers, each of whom received awards of restricted stock prior to our Series A preferred stock financing in connection with the formation of our company or in consideration of services to our company prior to such financing, our executives generally are awarded an initial grant in the form of a stock option in connection with their commencement of employment. Additional grants may occur periodically in order to specifically incentivize executives with respect to achieving certain corporate goals or to reward executives for exceptional performance.

We granted restricted stock awards to Dr. Gujrathi and Mr. Hasnain in connection with the formation of our company and pursuant to their employment letters, all of which awards were granted on a stand-alone basis and not under our 2017 Plan. For a description of such restricted stock awards, please see “—Employment Letters with our Named Executive Officers.” No equity awards were granted to Dr. Gujrathi or Mr. Hasnain during 2017.

Mr. Waage was granted 2,349,768 shares of restricted common stock on November 18, 2017 under the 2017 Plan, with such stock vesting over a period of four years from the grant date, with 25% of the restricted shares vesting on the first anniversary of the grant date, and the remainder vesting in equal monthly installments over the three years thereafter, subject to continuous service through each vesting date.

On May 21, 2018, in connection with his commencement of employment, we granted Mr. Giraudo an option to purchase 1,825,500 shares of our common stock under the 2017 Plan. The option vests over a period of four years from May 7, 2018 (his employment commencement date), with 25% of the option vesting on the first anniversary of such date, and the remainder vesting in equal monthly installments over the three years thereafter. The option has an exercise price per share of \$0.58, which was the fair market value at the time of grant.

On December 10, 2018, we granted Mr. Giraudo, Mr. Waage and Dr. Salter-Cid options to purchase 700,000, 200,000 and 1,000,000 shares of our common stock, respectively, under the 2017 Plan. The options vest over a period of four years from December 7, 2018, with 25% of the option vesting on the first anniversary of such date, and the remainder vesting in equal monthly installments over the three years thereafter. The options have an exercise price per share of \$2.38, which was the fair market value at the time of grant.

On December 14, 2018, in connection with his commencement of employment, we granted Dr. Dupont an option to purchase 2,165,900 shares of our common stock under the 2017 Plan. The option vests over a period of four years from December 14, 2018 (his employment commencement date), with 25% of the option vesting on the first anniversary of such date, and the remainder vesting in equal monthly installments over the three years thereafter. The option has an exercise price per share of \$2.38, which was the fair market value at the time of grant.

### **Employment Letters with our Named Executive Officers**

In 2017, none of our executive officers were parties to employment agreements or other similar arrangements with us. Each of our executive officers’ employment is “at will” and may be terminated at any time, subject to our contractual obligations to them as described below.

***Employment Letters with Dr. Gujrathi and Mr. Hasnain***

We entered into employment letters with each of Dr. Gujrathi and Mr. Hasnain on January 4, 2018, setting forth the terms of their employment.

Pursuant to her employment letter, Dr. Gujrathi served as our President and Chief Operating Officer through July 23, 2018, at which time she was appointed as our President and Chief Executive Officer. She receives an annual base salary of \$475,000 and is eligible to receive an annual bonus with a target amount equal to 50% of her then-current annual base salary. Effective upon the consummation of this offering, Dr. Gujrathi's base salary will be increased to \$520,000.

Pursuant to his employment letter, Mr. Hasnain served as our Chief Executive Officer through July 23, 2018, at which time he became our Executive Chairman. He receives an annual base salary of \$475,000 and is eligible to receive an annual bonus with a target amount equal to 50% of his then-current annual base salary.

In December 2015, each of Dr. Gujrathi and Mr. Hasnain were each issued 20,612,000 shares in connection with the formation of our company, which we refer to as the Founders' Equity. Pursuant to their employment letters, each of Dr. Gujrathi and Mr. Hasnain agreed that 50% of the Founders' Equity would be subject to new vesting terms, or the Restricted Founders' Equity, and would vest over a period of five years from the date of the closing of our Series A preferred stock financing, with 20% of the Restricted Founders' Equity vesting on January 4, 2019 and the remainder vesting in 48 equal monthly installments thereafter, subject to continued full-time employment on each vesting date.

The employment letters also provided for certain potential additional issuances of our common stock to each of Dr. Gujrathi and Mr. Hasnain to ensure the total number of shares of common stock held by them and their affiliates (inclusive of any shares subject to equity awards granted by us and the Founders' Equity) would represent 15% of our fully-diluted capitalization until such time as we raised \$300 million in equity capital, including the capital raised in the Series A financing. In furtherance of this obligation: (1) on May 21, 2018, we issued 1,131,962 shares of common stock to each of Dr. Gujrathi and Mr. Hasnain; and (2) on September 6, 2018, we issued 8,077,604 shares of common stock to each of Dr. Gujrathi and Mr. Hasnain, or the Anti-Dilution Shares. Fifty percent of the Anti-Dilution Shares are fully vested and the remaining 50% of the Anti-Dilution Shares, or the Restricted Anti-Dilution Shares, vest over a period of five years measured from January 4, 2018, with 20% of the Restricted Anti-Dilution Shares vesting on January 4, 2019 and the remainder vesting in 48 equal monthly installments thereafter, subject to continued full-time employment on each vesting date. Neither Dr. Gujrathi nor Mr. Hasnain are entitled to any further grants of additional anti-dilution shares pursuant to their employment letters.

Pursuant to their employment letters, if we terminate Dr. Gujrathi's or Mr. Hasnain's employment other than for cause (as defined below) or Dr. Gujrathi or Mr. Hasnain terminates his or her employment for good reason (as defined below), and other than as a result of death or disability, in either case prior to a change in control (as defined below) or more than 12 months following a change in control, he or she is entitled to the following payments and benefits, subject to the timely execution and non-revocation of a general release of claims in our favor: (1) continued payment of his or her base salary at the then-current rate for 12 months, paid in accordance to our payroll practices; (2) a payment equal to his or her then current target annual bonus opportunity, pro-rated for the portion of the current calendar year in which the executive was employed, payable in a lump sum payment 60 days following the date of termination; (3) payment of the full premium for continued health plan coverage for up to 12 months following the date of termination or, if earlier, up to the date the executive becomes eligible to receive equivalent or increased health plan coverage by means of subsequent employment or self-employment; and (4) automatic acceleration of the vesting and exercisability of the executive's unvested stock awards, including any Founders' Equity and Anti-Dilution Shares, as to the number of stock awards that would vest over the 12-month period following the date of termination. The cash severance benefits described in clause (1) above shall be paid or commence on the first payroll period following the date

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the executive's release becomes effective and the first payment shall include all accrued amounts from the date of termination, provided that if the period during which executive may deliver the release spans two calendar years, the initial payment date shall be no earlier than January 1 of the second calendar year.

If Dr. Gujrathi's or Mr. Hasnain's employment is terminated by us other than for cause or by Dr. Gujrathi or Mr. Hasnain for good reason, in each case within 12 months after a change in control, in lieu of the severance benefits described above, he or she is entitled to the following payments and benefits, subject to the timely execution and non-revocation of a general release of claims in our favor: (1) continued payment of his or her base salary at the then-current rate for 18 months, paid in accordance to our payroll practices; (2) a payment equal to his or her then current target annual bonus opportunity, pro-rated for the portion of the current calendar year in which the executive was employed, payable in a lump sum payment 60 days following the date of termination; (3) payment of the full premium for continued health plan coverage for up to 18 months following the date of termination or, if earlier, up to the date the executive becomes eligible to receive equivalent or increased health plan coverage by means of subsequent employment or self-employment; and (4) automatic full vesting and exercisability of the executive's unvested stock awards, including the Founders' Equity and the Anti-Dilution Shares. The cash severance benefits described in clause (1) above shall be paid or commence on the first payroll period following the date the executive's release becomes effective and the first payment shall include all accrued amounts from the date of termination, provided that if the period during which executive may deliver the release spans two calendar years, the initial payment date shall be no earlier than January 1 of the second calendar year.

In addition, in the event of Dr. Gujrathi's or Mr. Hasnain's termination of employment by reason of his or her death or disability, and subject to the timely execution and non-revocation of a general release of claims in our favor by the executive, then the greater of (1) 50% of the unvested portion of any equity awards then held by him or her immediately prior to such termination, including the Founders' Equity and the Anti-Dilution Shares, and (2) the portion of such equity awards, including the Founders' Equity and the Anti-Dilution Shares, that would have otherwise vested in the 12 month period following the date of such termination of employment, will vest and will no longer be subject to restrictions or forfeiture on the date of such termination.

In the event we terminate Dr. Gujrathi's or Mr. Hasnain's employment for any reason, including for cause, Dr. Gujrathi or Mr. Hasnain terminates their employment without good reason, or upon their death or permanent disability, the executive is entitled to receive his or her fully earned but unpaid base salary and accrued and unused PTO through the date of termination at the rate then in effect, plus all other amounts under any compensation plan or practice to which the executive is entitled.

Each of Dr. Gujrathi and Mr. Hasnain was reimbursed \$15,000 for their attorneys' fees in connection with the review and negotiation of their employment letters in January 2018.

The employment letters also contain a Section 280G better-off cutback provision, which provides that, in the event that the payments or benefits provided to the executive pursuant to the employment letter or otherwise constitute parachute payments with the meaning of Section 280G of the Code, the payments or benefits to the executive will either be delivered in full or reduced to the extent necessary to avoid an excise tax under Section 4999 of the Code, whichever would result in the executive receiving the largest amount of payments or benefits on an after-tax basis.

### ***Employment Letters with Other Executives***

We entered into new employment letters with each of Mr. Giraudo, Mr. Waage and Dr. Salter-Cid on December 4, 2018, setting forth the terms of their employment. In connection with his commencement of employment on December 14, 2018, we also entered into an employment letter with Dr. Dupont.

Pursuant to his employment letter, Mr. Giraudo serves as our Chief Financial Officer. He receives an annual base salary of \$400,000 and is eligible to receive an annual bonus with a target amount equal to 40% of his then-current annual base salary.

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Pursuant to his employment letter, Mr. Waage serves as our Executive Vice President and General Counsel. He receives an annual base salary of \$370,000 and is eligible to receive an annual bonus with a target amount equal to 40% of his then-current annual base salary. Effective upon consummation of this offering, Mr. Waage's base salary will be increased to \$390,000.

Pursuant to her employment letter, Dr. Salter-Cid serves as our Chief Scientific Officer. She receives an annual base salary of \$350,000 and is eligible to receive an annual bonus with a target amount equal to 40% of her then-current annual base salary. Effective upon consummation of this offering, Dr. Salter-Cid's base salary will be increased to \$380,000.

Pursuant to his employment letter, Dr. Dupont serves as our Chief Medical Officer. He receives an annual base salary of \$440,000 and, commencing in 2019, is eligible to receive an annual bonus with a target amount equal to 40% of his then-current annual base salary. Pursuant to his employment letter, Dr. Dupont will also be eligible to receive a sign-on bonus of \$170,000, payable in two installments, with the first half paid within ten days of his commencement of employment and the remainder paid six months following his commencement of employment. Dr. Dupont will be required to repay his sign-on bonus in the event he resigns without good reason (as defined below) or he is terminated for cause (as defined below), in either event within the first year of his employment. Dr. Dupont is also eligible for a monthly commuting allowance of up to \$4,800 (grossed-up for taxes) for up to the first two years of his employment. Dr. Dupont will also be eligible to receive up to \$150,000 (grossed-up for taxes) in relocation assistance in connection with his relocation to the San Diego, California area by the second anniversary of his commencement of employment. Dr. Dupont will be required to repay his relocation benefits in the event he resigns without good reason (as defined below) or he is terminated for cause (as defined below), in either event within two years of the conclusion of his relocation.

Pursuant to their employment letters, if we terminate the executive's employment other than for cause (as defined below) or if the executive terminates his or her employment for good reason (as defined below), and other than as a result of death or disability, in either case prior to a change in control (as defined below) or more than 12 months following a change in control, he or she is entitled to the following payments and benefits, subject to the timely execution and non-revocation of a general release of claims in our favor: (1) continued payment of his or her base salary at the then-current rate for 9 months, paid in accordance to our payroll practices; and (2) payment of the full premium for continued health plan coverage for up to 9 months following the date of termination or, if earlier, up to the date the executive becomes eligible to receive equivalent or increased health plan coverage by means of subsequent employment or self-employment. The cash severance benefits described above shall be paid or commence on the first payroll period following the date the executive's release becomes effective and the first payment shall include all accrued amounts from the date of termination, provided that if the period during which executive may deliver the release spans two calendar years, the initial payment date shall be no earlier than January 1 of the second calendar year.

If the executive's employment is terminated by us other than for cause or by the executive for good reason, in each case within 12 months after a change in control, in lieu of the severance benefits described above, he or she is entitled to the following payments and benefits, subject to the timely execution and non-revocation of a general release of claims in our favor: (1) continued payment of his or her base salary at the then-current rate for 12 months, paid in accordance to our payroll practices; (2) a payment equal to his or her then current target annual bonus opportunity; (3) payment of the full premium for continued health plan coverage for up to 12 months following the date of termination or, if earlier, up to the date the executive becomes eligible to receive equivalent or increased health plan coverage by means of subsequent employment or self-employment; and (4) automatic full vesting and exercisability of the executive's unvested stock awards. The cash severance benefits described above shall be paid or commence on the first payroll date following the date the executive's release becomes effective and the first payment shall include all accrued amounts from the date of termination (and the full amount payable under clause (2)), provided that if the period during which executive may deliver the release spans two calendar years, the initial payment date shall be no earlier than January 1 of the second calendar year.

In addition, in the event of the executive's termination of employment by reason of his or her death or disability, and subject to the timely execution and non-revocation of a general release of claims in our favor by the executive, then the greater of (1) 50% of the unvested portion of any equity awards then held by him or her immediately prior to such termination, including the Founders' Equity and the Anti-Dilution Shares, and (2) the portion of such equity awards that would have otherwise vested in the 9 month period following the date of such termination of employment, will vest and will no longer be subject to restrictions or forfeiture on the date of such termination.

In the event we terminate the executive's employment for any reason, including for cause, the executive terminates his or her employment without good reason, or upon his or her death or permanent disability, the executive is entitled to receive his or her fully earned but unpaid base salary and accrued and unused PTO through the date of termination at the rate then in effect, plus all other amounts under any compensation plan or practice to which the executive is entitled.

The employment letters also contain a Section 280G better-off cutback provision, which provides that, in the event that the payments or benefits provided to the executive pursuant to the employment letter or otherwise constitute parachute payments with the meaning of Section 280G of the Code, the payments or benefits to the executive will either be delivered in full or reduced to the extent necessary to avoid an excise tax under Section 4999 of the Code, whichever would result in the executive receiving the largest amount of payments or benefits on an after-tax basis.

#### ***Defined Terms Applicable to Executive Employment Letters***

For purposes of the executive employment letters, "cause" means (1) a willful and material act of dishonesty by the executive in connection with the performance of the executive's duties as our employee; (2) the executive's conviction of, or plea of guilty or nolo contendere to, a felony (other than a traffic offense that does not result in a fatality), or any crime involving fraud or embezzlement that the board reasonably determines has had or is reasonably likely to have a materially detrimental effect on our reputation or business; (3) the executive's gross misconduct in the performance of the executive's duties as our employee; (4) the executive's willful and material unauthorized use or disclosure of any of our proprietary information or trade secrets or any other party to whom the executive owes an obligation of nondisclosure as a result of the executive's relationship with us; (5) the executive's willful and material breach of any obligations under any written agreement or written covenant with us; or (6) the executive's continued willful and substantial failure to perform the executive's material employment duties that are lawfully assigned to the executive in good faith by the executive's reporting superior (other than as a result of the executive's death or disability) after written notice.

For purposes of the employment letters with Dr. Gujrathi and Mr. Hasnain, "change in control" has the same meaning given to such term in our 2017 Plan, as described below. For purposes of the employment letters with the other executives, prior to the consummation of this offering, "change in control" has the same meaning given to such term in our 2017 Plan, as described below, and following the consummation of this offering, "change in control" will have the meaning given to such term in our 2019 Plan, as described below.

For purposes of the employment letters with Dr. Gujrathi and Mr. Hasnain, "disability" has the same meaning given to such term in our 2017 Plan, as described below. For purposes of the employment letters with the other executives, "disability" means a permanent and total disability within the meaning of Section 22(e)(3) of the Code, as it may be amended from time to time.

For purposes of the executive employment letters, "good reason" means the occurrence of any of the following events or conditions without the executive's written consent: (1) a material reduction in the executive's base salary or target annual bonus; (2) a material diminution of the executive's title, duties, responsibilities or reporting lines; (3) a material change in the principal geographic location at which the executive must perform services, more than fifty (50) miles from the our head office; or (4) a material breach by us of the terms of the

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employment letter. The executive must provide written notice to us of the occurrence of any of the foregoing events or conditions within 60 days of the initial occurrence of such event and we will have a period of 30 days to cure such event or condition after receipt of such notice. An executive's separation from service by reason of resignation for good reason must occur within 60 days following the expiration of the foregoing 30 day cure period.

### Outstanding Equity Awards at Fiscal Year-End

The following table sets forth certain information regarding equity awards granted to our named executive officers that remained outstanding as of December 31, 2017.

	Stock Awards	
	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(1)
Sheila Gujrathi, M.D.	—	—
Faheem Hasnain	—	—
Christian Waage	2,349,768(2)	—

(1) Since we have not yet completed our initial public offering, the market value was computed using \$ \_\_\_\_\_, which is the midpoint of the price range set forth on the cover of this prospectus.

(2) The shares were granted on November 18, 2017 and vest over a period of four years from the grant date, with 25% of the shares vesting on the first anniversary of the grant date, and the remainder vesting in equal monthly installments over the three years thereafter, subject to continuous service through each vesting date.

The following table sets forth certain information regarding equity awards granted to our named executive officers that remained outstanding as of December 31, 2018.

	Grant Date	Option Awards				Stock Awards	
		Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares of Stock that Have Not Vested	Market Value of Shares that Have Not Vested (\$)(1)
Sheila Gujrathi, M.D.	5/21/2018	—	—	—	—	565,981(2)	—
	9/6/2018	—	—	—	—	4,038,802(2)	—
Faheem Hasnain	5/21/2018	—	—	—	—	565,981(2)	—
	9/6/2018	—	—	—	—	4,038,802(2)	—
Christian Waage	12/10/2018	—	200,000(3)	\$ 2.38	12/10/2028	—	—
	11/18/2017	—	—	—	—	1,713,373(4)	—
Bryan Giraud	12/10/2018	—	700,000(3)	\$ 2.38	12/10/2028	—	—
	5/21/2018	—	1,825,500(5)	\$ 0.58	5/6/2028	—	—
Jakob Dupont, M.D.	12/14/2018	—	2,165,900(6)	\$ 2.38	12/14/2028	—	—

(1) Since we have not yet completed our initial public offering, the market value was computed using \$ \_\_\_\_\_, which is the midpoint of the price range set forth on the cover of this prospectus.

(2) Represents shares of restricted stock granted outside of our 2017 Plan. These shares vest over a period of five years measured from January 4, 2018, with 20% of the shares vesting on January 4, 2019 and the remainder vesting in 48 equal monthly installments thereafter. All vesting is subject to the individual's continuous employment with us through the vesting dates and the potential vesting acceleration described above under "—Employment Letters with Dr. Gujrathi and Mr. Hasnain."

(3) Represents options issued under our 2017 Plan, described below under "—Incentive Award Plans." The options vest over a period of four years from December 7, 2018, with 25% of the option vesting on the first anniversary of such date, and the remainder vesting in equal monthly installments over the three years thereafter. All vesting is subject to the individual's continuous service with us through the vesting dates and the potential vesting acceleration described above under "—Employment Letters with Other Executives."

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- (4) Represents shares of restricted stock granted under our 2017 Plan, described below under “—Incentive Award Plans.” The shares vest over a period of four years from the grant date, with 25% of the shares vesting on the first anniversary of the grant date, and the remainder vesting in equal monthly installments over the three years thereafter, subject to continuous service through each vesting date.
- (5) Represents options issued under our 2017 Plan, described below under “—Incentive Award Plans.” The options vest over a period of four years from May 7, 2018, with 25% of the option vesting on the first anniversary of such date, and the remainder vesting in equal monthly installments over the three years thereafter. All vesting is subject to the individual’s continuous service with us through the vesting dates and the potential vesting acceleration described above under “—Employment Letters with Other Executives.”
- (6) Represents options issued under our 2017 Plan, described below under “—Incentive Award Plans.” The options vest over a period of four years from the date of grant, with 25% of the option vesting on the first anniversary of such date, and the remainder vesting in equal monthly installments over the three years thereafter. All vesting is subject to the individual’s continuous service with us through the vesting dates and the potential vesting acceleration described above under “—Employment Letters with Other Executives.”

### **Narrative Disclosure to Outstanding Equity Awards at Fiscal Year-End Table**

We did not engage in any repricings or other modifications or cancellations to any of our named executive officers’ outstanding equity awards during the years ended December 31, 2017 and 2018.

### **Other Elements of Compensation**

#### ***Perquisites, Health, Welfare and Retirement Benefits***

Our named executive officers are eligible to participate in our employee benefit plans, including our medical, dental, vision, group life, disability and accidental death and dismemberment insurance plans, in each case on the generally on same basis as all of our other employees. We provide a 401(k) plan to our employees, including our current named executive officers, as discussed in the section below entitled “—401(k) Plan.”

We generally do not provide perquisites or personal benefits to our named executive officers, except in limited circumstances. We do, however, pay the premiums for term life insurance and disability insurance for all of our employees, including our executive officers. In addition, Dr. Dupont is eligible for certain relocation and commuting assistance and related tax gross-up payments pursuant to his employment letter. Our board of directors may elect to adopt qualified or non-qualified benefit plans in the future if it determines that doing so is in our best interests.

#### ***401(k) Plan***

We maintain a defined contribution employee retirement plan, or 401(k) plan, for our employees. Our named executive officers are eligible to participate in the 401(k) plan on the same basis as our other employees. The 401(k) plan is intended to qualify as a tax-qualified plan under Section 401(k) of the Code. The 401(k) plan provides that each participant may make pre-tax deferrals from his or her compensation up to the statutory limit, which is \$18,500 for calendar year 2018, and other testing limits. Participants that are 50 years or older can also make “catch-up” contributions, which in calendar year 2018 may be up to an additional \$6,000 above the statutory limit. Although the 401(k) plan provides for discretionary matching and profit sharing contributions, we currently do not make either type of contribution to the 401(k) plan. Participant contributions are held and invested, pursuant to the participant’s instructions, by the plan’s trustee.

#### ***Nonqualified Deferred Compensation***

We do not maintain nonqualified defined contribution plans or other nonqualified deferred compensation plans. Our board of directors may elect to provide our officers and other employees with non-qualified defined contribution or other nonqualified deferred compensation benefits in the future if it determines that doing so is in our best interests.

#### ***Change in Control Benefits***

Our executive officers may become entitled to certain benefits or enhanced benefits in connection with a change in control of our company. The employment letters with each of our executive officers provide for

accelerated vesting of all outstanding equity awards, as well as certain other benefits, upon a qualifying termination in connection with a change in control of our company. For additional discussion, please see “—Offer Letters with our Named Executive Officers” above.

## **Incentive Award Plans**

### ***2019 Incentive Award Plan***

Prior to this offering, we intend to adopt and ask our stockholders to approve the 2019 Plan, which would become effective in connection with this offering. Under the 2019 Plan, we may grant cash and equity incentive awards to eligible employees, directors and consultants in order to attract, motivate and retain the talent for which we compete. The material terms of the 2019 Plan, as it is currently contemplated, are summarized below.

### ***Eligibility and Administration***

Our employees, consultants and directors, and employees and consultants of our subsidiaries, will be eligible to receive awards under the 2019 Plan. Following our initial public offering, the 2019 Plan will generally be administered by our board of directors with respect to awards to non-employee directors and by our compensation committee with respect to other participants, each of which may delegate its duties and responsibilities to committees of our directors and/or officers (referred to collectively as the plan administrator below), subject to certain limitations that may be imposed under the 2019 Plan, Section 16 of the Exchange Act and/or stock exchange rules, as applicable. The plan administrator will have the authority to make all determinations and interpretations under, prescribe all forms for use with, and adopt rules for the administration of, the 2019 Plan, subject to its express terms and conditions. The plan administrator will also set the terms and conditions of all awards under the 2019 Plan, including any vesting and vesting acceleration conditions.

### ***Limitation on Awards and Shares Available***

An aggregate of \_\_\_\_\_ shares of our common stock will initially be available for issuance under awards granted pursuant to the 2019 Plan. The number of shares initially available for issuance will be increased by (1) the number of shares of common stock available for issuance and not subject to options granted under our 2017 Plan as of the effective date of the 2019 Plan, (2) the number of shares subject to stock options or similar awards granted under our 2017 Plan that expire or otherwise terminate without having been exercised in full after the effective date of the 2019 Plan and unvested shares issued pursuant to awards granted under the 2017 Plan that are forfeited to or repurchased by us after the effective date of the 2019 Plan, with the maximum number of shares to be added to the 2019 Plan pursuant to clauses (1) and (2) above equal to \_\_\_\_\_ shares, and (3) an annual increase on January 1 of each calendar year beginning in 2020 and ending in 2029, equal to the lesser of (a) 5% of the shares of common stock outstanding on the final day of the immediately preceding calendar year and (b) such smaller number of shares as determined by our board of directors. No more than \_\_\_\_\_ shares of common stock may be issued upon the exercise of incentive stock options under the 2019 Plan. Shares issued under the 2019 Plan may be authorized but unissued shares, shares purchased in the open market or treasury shares.

If an award under the 2019 Plan or the 2017 Plan expires, lapses or is terminated, exchanged for cash, surrendered, repurchased, canceled without having been fully exercised or forfeited, any shares subject to such award will, as applicable, become or again be available for new grants under the 2019 Plan. Further, shares delivered to us to satisfy the applicable exercise or purchase price of an award under the 2019 Plan or the 2017 Plan and/or to satisfy any applicable tax withholding obligations (including shares retained by us from the award under the 2019 Plan or the 2017 Plan being exercised or purchased and/or creating the tax obligation) will become or again be available for award grants under the 2019 Plan. Awards granted under the 2019 Plan upon the assumption of, or in substitution for, awards authorized or outstanding under a qualifying equity plan



maintained by an entity with which we enter into a merger or similar corporate transaction will not reduce the shares available for grant under the 2019 Plan.

### **Awards**

The 2019 Plan provides for the grant of stock options, including incentive stock options, or ISOs, and nonqualified stock options, or NSOs, restricted stock, dividend equivalents, restricted stock units, or RSUs, stock appreciation rights, or SARs, and other stock or cash-based awards. Certain awards under the 2019 Plan may constitute or provide for a deferral of compensation, subject to Section 409A of the Code, which may impose additional requirements on the terms and conditions of such awards. All awards under the 2019 Plan will be set forth in award agreements, which will detail the terms and conditions of the awards, including any applicable vesting and payment terms and post-termination exercise limitations. A brief description of each award type follows.

*Stock Options.* Stock options provide for the purchase of shares of our common stock in the future at an exercise price set on the grant date. ISOs, by contrast to NSOs, may provide tax deferral beyond exercise and favorable capital gains tax treatment to their holders if certain holding period and other requirements of the Code are satisfied. The exercise price of a stock option will not be less than 100% of the fair market value of the underlying share on the date of grant (or 110% in the case of ISOs granted to certain significant stockholders), except with respect to certain substitute options granted in connection with a corporate transaction. The term of a stock option may not be longer than ten years (or five years in the case of ISOs granted to certain significant stockholders). Vesting conditions determined by the plan administrator may apply to stock options and may include continued service, performance and/or other conditions. ISOs generally may be granted only to our employees and employees of our parent or subsidiary corporations, if any.

*SARs.* SARs entitle their holder, upon exercise, to receive from us an amount equal to the appreciation of the shares subject to the award between the grant date and the exercise date. The exercise price of a SAR will not be less than 100% of the fair market value of the underlying share on the date of grant (except with respect to certain substitute SARs granted in connection with a corporate transaction), and the term of a SAR may not be longer than ten years. Vesting conditions determined by the plan administrator may apply to SARs and may include continued service, performance and/or other conditions.

*Restricted Stock and RSUs.* Restricted stock is an award of nontransferable shares of our common stock that remain forfeitable unless and until specified conditions are met, and which may be subject to a purchase price. RSUs are contractual promises to deliver shares of our common stock in the future, which may also remain forfeitable unless and until specified conditions are met and may be accompanied by the right to receive the equivalent value of dividends paid on shares of our common stock prior to the delivery of the underlying shares. Delivery of the shares underlying RSUs may be deferred under the terms of the award or at the election of the participant, if the plan administrator permits such a deferral. Conditions applicable to restricted stock and RSUs may be based on continuing service, the attainment of performance goals and/or such other conditions as the plan administrator may determine.

*Other Stock or Cash-Based Awards.* Other stock or cash-based awards are awards of cash, fully vested shares of our common stock and other awards valued wholly or partially by referring to, or otherwise based on, shares of our common stock. Other stock or cash-based awards may be granted to participants and may also be available as a payment form in the settlement of other awards, as standalone payments and as payment in lieu of base salary, bonus, fees or other cash compensation otherwise payable to any individual who is eligible to receive awards. The plan administrator will determine the terms and conditions of other stock or cash-based awards, which may include vesting conditions based on continued service, performance and/or other conditions.

### **Performance Awards**

Performance awards include any of the foregoing awards that are granted subject to vesting and/or payment based on the attainment of specified performance goals or other criteria the plan administrator may

determine, which may or may not be objectively determinable. Performance criteria upon which performance goals are established by the plan administrator may include: net earnings or losses (either before or after one or more of interest, taxes, depreciation, amortization and non-cash equity-based compensation expense); gross or net sales or revenue or sales or revenue growth; net income (either before or after taxes) or adjusted net income; profits (including, but not limited to, gross profits, net profits, profit growth, net operation profit or economic profit), profit return ratios or operating margin; budget or operating earnings (either before or after taxes or before or after allocation of corporate overhead and bonus); cash flow (including operating cash flow and free cash flow or cash flow return on capital); return on assets; return on capital or invested capital; cost of capital; return on stockholders' equity; total stockholder return; return on sales; costs, reductions in costs and cost control measures; expenses; working capital; earnings or loss per share; adjusted earnings or loss per share; price per share or dividends per share (or appreciation in or maintenance of such price or dividends); regulatory achievements or compliance; implementation, completion or attainment of objectives relating to research, development, regulatory, commercial or strategic milestones or developments; market share; economic value or economic value added models; division, group or corporate financial goals; customer satisfaction/growth; customer service; employee satisfaction; recruitment and maintenance of personnel; human resources management; supervision of litigation and other legal matters; strategic partnerships and transactions; financial ratios (including those measuring liquidity, activity, profitability or leverage); debt levels or reductions; sales-related goals; financing and other capital raising transactions; cash on hand; acquisition activity; investment sourcing activity; and marketing initiatives, any of which may be measured in absolute terms or as compared to any incremental increase or decrease. Such performance goals also may be based solely by reference to our performance or the performance of a subsidiary, division, business segment or business unit, or based upon performance relative to performance of other companies or upon comparisons of any of the indicators of performance relative to performance of other companies.

#### ***Provisions of the 2019 Plan Relating to Director Compensation***

The 2019 Plan provides that the plan administrator may establish compensation for non-employee directors from time to time subject to the 2019 Plan's limitations. Prior to commencing this offering, our stockholders will approve the initial terms of our non-employee director compensation program, which is described below under the heading "—Director Compensation." Our board of directors or its authorized committee may modify the non-employee director compensation program from time to time in the exercise of its business judgment, taking into account such factors, circumstances and considerations as it shall deem relevant from time to time, provided that the sum of any cash compensation or other compensation and the grant date fair value (as determined in accordance with ASC 718, or any successor thereto) of any equity awards granted as compensation for services as a non-employee director during any fiscal year may not exceed \$750,000, increased to \$1,000,000, in the fiscal year of a non-employee director's initial service as a non-employee director. The plan administrator may make exceptions to this limit for individual non-employee directors in extraordinary circumstances, as the plan administrator may determine in its discretion, provided that the non-employee director receiving such additional compensation may not participate in the decision to award such compensation or in other contemporaneous compensation decisions involving non-employee directors.

#### ***Certain Transactions***

In connection with certain transactions and events affecting our common stock, including a change in control, or change in any applicable laws or accounting principles, the plan administrator has broad discretion to take action under the 2019 Plan to prevent the dilution or enlargement of intended benefits, facilitate such transaction or event, or give effect to such change in applicable laws or accounting principles. This includes canceling awards in exchange for either an amount in cash or other property with a value equal to the amount that would have been obtained upon exercise or settlement of the vested portion of such award or realization of the participant's rights under the vested portion of such award, accelerating the vesting of awards, providing for the assumption or substitution of awards by a successor entity, adjusting the number and type of shares available, replacing awards with other rights or property or terminating awards under the 2019 Plan. In the event of a

change in control where the acquirer does not assume awards granted under the 2019 Plan, awards issued under the 2019 Plan shall be subject to accelerated vesting such that 100% of the awards will become vested and exercisable or payable, as applicable, and which may be subject to such terms and conditions as apply generally to holders of common stock under the change in control documents. In addition, in the event of certain non-reciprocal transactions with our stockholders, or an “equity restructuring,” the plan administrator will make equitable adjustments to the 2019 Plan and outstanding awards as it deems appropriate to reflect the equity restructuring.

For purposes of the 2019 Plan, a “change in control” means and includes each of the following: (1) a transaction or series of transactions (other than an offering of our common stock to the general public through a registration statement filed with the SEC or a transaction or series of transactions that meets the requirements of clauses (x) and (y) of clause (3) below) whereby any “person” or related “group” of “persons” (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act) (other than us, any of our subsidiaries, an employee benefit plan maintained by us or any of our subsidiaries or a “person” that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, us) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of our securities possessing more than 50% of the total combined voting power of our securities outstanding immediately after such acquisition; or (2) during any period of two consecutive years, individuals who, at the beginning of such period, constitute the board of directors together with any new director(s) (other than a director designated by a person who shall have entered into an agreement with us to effect a transaction described in clauses (1) or (3)) whose election by the board of directors or nomination for election by our stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the two-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or (3) the consummation by us (whether directly involving us or indirectly involving us through one or more intermediaries) of (a) a merger, consolidation, reorganization, or business combination or (b) a sale or other disposition of all or substantially all of our assets in any single transaction or series of related transactions or (c) the acquisition of assets or stock of another entity, in each case other than a transaction: (x) which results in our voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into our voting securities or the voting securities of a successor entity, directly or indirectly, at least a majority of the combined voting power of our outstanding voting securities or the successor entity’s outstanding voting securities immediately after the transaction, and (y) after which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of us or the successor entity (provided that no person will be treated as beneficially owning 50% or more of the combined voting power of us or the successor entity for purposes of this clause (y) solely as a result of the voting power held in us prior to the consummation of the transaction).

***Foreign Participants, Claw-Back Provisions, Transferability and Participant Payments***

With respect to foreign participants, the plan administrator may modify award terms, establish subplans and/or adjust other terms and conditions of awards, subject to the share limits described above. All awards will be subject to the provisions of any claw-back policy implemented by our company to the extent set forth in such claw-back policy or in the applicable award agreement. With limited exceptions for estate planning, domestic relations orders, certain beneficiary designations and the laws of descent and distribution, awards under the 2019 Plan are generally non-transferable prior to vesting and are exercisable only by the participant. With regard to tax withholding obligations arising in connection with awards under the 2019 Plan and exercise price obligations arising in connection with the exercise of stock options under the 2019 Plan, the plan administrator may, in its discretion, accept cash, wire transfer, or check, shares of our common stock that meet specified conditions, a “market sell order” or such other consideration as it deems suitable or any combination of the foregoing.

***Plan Amendment and Termination***

Our board of directors may amend or terminate the 2019 Plan at any time; however, except in connection with certain changes in our capital structure, stockholder approval will be required for any

amendment that increases the number of shares available under the 2019 Plan. The plan administrator will have the authority, without the approval of our stockholders, to amend any outstanding stock option or SAR to reduce its exercise price per share. No award may be granted pursuant to the 2019 Plan after the tenth anniversary of the date on which our board of directors adopts the 2019 Plan.

### ***Securities Laws***

The 2019 Plan is intended to conform to all provisions of the Securities Act, and the Exchange Act and any and all regulations and rules promulgated by the SEC thereunder, including, without limitation, Rule 16b-3. The 2019 Plan will be administered, and awards will be granted and may be exercised, only in such a manner as to conform to such laws, rules and regulations.

### ***Federal Income Tax Consequences***

The material federal income tax consequences of the 2019 Plan under current federal income tax law are summarized in the following discussion, which deals with the general tax principles applicable to the 2019 Plan. The following discussion is based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change. Foreign, state and local tax laws, and employment, estate and gift tax considerations are not discussed due to the fact that they may vary depending on individual circumstances and from locality to locality.

*Stock Options and SARs.* A 2019 Plan participant generally will not recognize taxable income and we generally will not be entitled to a tax deduction upon the grant of a stock option or SAR. The tax consequences of exercising a stock option and the subsequent disposition of the shares received upon exercise will depend upon whether the option qualifies as an ISO or an NSO. Upon exercising an NSO when the fair market value of our stock is higher than the exercise price of the option, a 2019 Plan participant generally will recognize taxable income at ordinary income tax rates equal to the excess of the fair market value of the stock on the date of exercise over the purchase price, and we (or our subsidiaries, if any) generally will be entitled to a corresponding tax deduction for compensation expense, in the amount equal to the amount by which the fair market value of the shares purchased exceeds the purchase price for the shares. Upon a subsequent sale or other disposition of the option shares, the participant will recognize a short-term or long-term capital gain or loss in the amount of the difference between the sales price of the shares and the participant's tax basis in the shares.

Upon exercising an ISO, a 2019 Plan participant generally will not recognize taxable income, and we will not be entitled to a tax deduction for compensation expense. However, upon exercise, the amount by which the fair market value of the shares purchased exceeds the purchase price will be an item of adjustment for alternative minimum tax purposes. The participant will recognize taxable income upon a sale or other taxable disposition of the option shares. For federal income tax purposes, dispositions are divided into two categories: qualifying and disqualifying. A qualifying disposition generally occurs if the sale or other disposition is made more than two years after the date the option was granted and more than one year after the date the shares are transferred upon exercise. If the sale or disposition occurs before these two periods are satisfied, then a disqualifying disposition generally will result.

Upon a qualifying disposition of ISO shares, the participant will recognize long-term capital gain in an amount equal to the excess of the amount realized upon the sale or other disposition of the shares over their purchase price. If there is a disqualifying disposition of the shares, then the excess of the fair market value of the shares on the exercise date (or, if less, the price at which the shares are sold) over their purchase price will be taxable as ordinary income to the participant. If there is a disqualifying disposition in the same year of exercise, it eliminates the item of adjustment for alternative minimum tax purposes. Any additional gain or loss recognized upon the disposition will be recognized as a capital gain or loss by the participant.

We will not be entitled to any tax deduction if the participant makes a qualifying disposition of ISO shares. If the participant makes a disqualifying disposition of the shares, we should be entitled to a tax deduction for compensation expense in the amount of the ordinary income recognized by the participant.

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Upon exercising or settling a SAR, a 2019 Plan participant will recognize taxable income at ordinary income tax rates, and we should be entitled to a corresponding tax deduction for compensation expense, in the amount paid or value of the shares issued upon exercise or settlement. Payments in shares will be valued at the fair market value of the shares at the time of the payment, and upon the subsequent disposition of the shares the participant will recognize a short-term or long-term capital gain or loss in the amount of the difference between the sales price of the shares and the participant's tax basis in the shares.

*Restricted Stock and RSUs.* A 2019 Plan participant generally will not recognize taxable income at ordinary income tax rates and we generally will not be entitled to a tax deduction upon the grant of restricted stock or RSUs. Upon the termination of restrictions on restricted stock or the payment of RSUs, the participant will recognize taxable income at ordinary income tax rates, and we should be entitled to a corresponding tax deduction for compensation expense, in the amount paid to the participant or the amount by which the then fair market value of the shares received by the participant exceeds the amount, if any, paid for them. Upon the subsequent disposition of any shares, the participant will recognize a short-term or long-term capital gain or loss in the amount of the difference between the sales price of the shares and the participant's tax basis in the shares. However, a 2019 Plan participant granted restricted stock that is subject to forfeiture or repurchase through a vesting schedule such that it is subject to a "risk of forfeiture" (as defined in Section 83 of the Code) may make an election under Section 83(b) of the Code to recognize taxable income at ordinary income tax rates, at the time of the grant, in an amount equal to the fair market value of the shares of common stock on the date of grant, less the amount paid, if any, for such shares. We will be entitled to a corresponding tax deduction for compensation, in the amount recognized as taxable income by the participant. If a timely Section 83(b) election is made, the participant will not recognize any additional ordinary income on the termination of restrictions on restricted stock, and we will not be entitled to any additional tax deduction.

*Other Stock or Cash-Based Awards.* A 2019 Plan participant will not recognize taxable income and we will not be entitled to a tax deduction upon the grant of other stock or cash-based awards until cash or shares are paid or distributed to the participant. At that time, any cash payments or the fair market value of shares that the participant receives will be taxable to the participant at ordinary income tax rates and we should be entitled to a corresponding tax deduction for compensation expense. Payments in shares will be valued at the fair market value of the shares at the time of the payment, and upon the subsequent disposition of the shares, the participant will recognize a short-term or long-term capital gain or loss in the amount of the difference between the sales price of the shares and the participant's tax basis in the shares.

### **2017 Equity Incentive Plan**

In November 2017, our board of directors and our stockholders approved the adoption of the 2017 Plan. Our board of directors and stockholders subsequently approved four amendments to the 2017 Plan to increase the share reserve thereunder in each of December 2017, May 2018, June 2018, July 2018 and December 2018.

A total of 28,305,072 shares of our common stock are reserved for issuance under the 2017 Plan. As of December 21, 2018, 28,260,072 shares of our common stock were subject to outstanding awards under the 2017 Plan and 45,000 shares of our common stock remained available for future issuance under the 2017 Plan.

After the effective date of the 2019 Plan, no additional awards will be granted under the 2017 Plan. However, the 2017 Plan will continue to govern the terms and conditions of the outstanding awards granted under it. Shares of our common stock subject to awards granted under the 2017 Plan that expire, lapse or are terminated, exchanged for cash, surrendered, repurchased or forfeited following the effective date of the 2019 Plan will be available for issuance under the 2019 Plan in accordance with its terms.

*Administration.* Our board of directors administers the 2017 Plan, unless it delegates authority for administration of the plan. Subject to the terms and conditions of the 2017 Plan, the administrator has the authority to select the persons to whom awards are to be made, to determine the type or types of awards to be

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granted to each person, determine the number of awards to grant, determine the number of shares to be subject to such awards, and the terms and conditions of such awards, and make all other determinations and decisions and to take all other actions necessary or advisable for the administration of the 2017 Plan. The plan administrator is also authorized to establish, adopt, amend or revise rules relating to administration of the 2017 Plan, subject to certain restrictions.

*Eligibility.* Awards under the 2017 Plan may be granted to individuals who are then our employees, consultants and members of our board of directors and our subsidiaries. Only employees may be granted ISOs.

*Awards.* The 2017 Plan provides that our administrator may grant or issue stock options (including NSOs and ISOs), restricted stock, RSUs, other stock-based awards, or any combination thereof. The administrator considers each award grant subjectively, considering factors such as the individual performance of the recipient and the anticipated contribution of the recipient to the attainment of our long-term goals. Each award is set forth in a separate agreement with the person receiving the award and indicates the type, terms and conditions of the award. As of the date of this prospectus, awards of stock options and restricted stock are outstanding under the 2019 Plan.

*Corporate Transactions.* The plan administrator has broad discretion to equitably adjust the provisions of the 2017 Plan and the terms and conditions of existing and future awards, including with respect to aggregate number and type of shares subject to the 2017 Plan and awards granted pursuant to the 2017 Plan, to prevent the dilution or enlargement of intended benefits and/or facilitate necessary or desirable changes in the event of certain transactions and events affecting our common stock, such as stock dividends, stock splits, mergers, acquisitions, consolidations and other corporate transactions. The plan administrator may also provide for the acceleration, cash-out, termination, assumption, substitution or conversion of awards in the event of a change in control or certain other unusual or nonrecurring events or transactions. In addition, in the event of certain non-reciprocal transactions with our stockholders, or an “equity restructuring,” the plan administrator will make equitable adjustments to the 2017 Plan and outstanding awards as it deems appropriate to reflect the equity restructuring.

In the event of a change of control where the acquirer does not assume awards granted under the 2017 Plan, awards issued under the 2017 Plan held by persons who have not experienced a termination of service will be subject to accelerated vesting such that 100% of the awards will become vested and exercisable or payable, as applicable, immediately prior to the change in control. Under the 2017 Plan, a change of control is generally defined as: (1) a merger or consolidation of our company with or into any other corporation or other entity or person; (2) a sale, lease, exchange or other transfer in one transaction or a series of related transactions of all or substantially all of our company’s assets; or (3) any other transaction, including the sale by us of new shares of our capital stock or a transfer of existing shares of our capital stock, the result of which is that a third party that is not an affiliate of us or our stockholders (or a group of third parties not affiliated with us or our stockholders) immediately prior to such transaction acquires or holds capital stock representing a majority of our outstanding voting power immediately following such transaction; provided that the following events shall not constitute a “change in control” under the 2017 Plan: (A) a transaction (other than a sale of all or substantially all of our assets) in which the holders of our voting securities immediately prior to the merger or consolidation hold, directly or indirectly, at least a majority of the voting securities in the successor corporation or its parent immediately after the merger or consolidation; (B) a sale, lease, exchange or other transaction in one transaction or a series of related transactions of all or substantially all of our assets to an affiliate of ours; (C) an initial public offering of any of our securities or any other transaction principally for bona fide equity financing purposes; (D) a reincorporation solely to change our jurisdiction; or (E) a transaction undertaken for the primary purpose of creating a holding company that will be owned in substantially the same proportion by the persons who held our securities immediately before such transaction.

*Amendment and Termination of the 2017 Plan.* Our board of directors may terminate, amend or modify the 2017 Plan. However, stockholder approval of any amendment to the 2017 Plan must be obtained to

the extent necessary and desirable to comply with any applicable law, regulation or stock exchange rule, or for any amendment to the 2017 Plan that increases the number of shares available under the 2017 Plan. If not terminated earlier by the compensation committee or the board of directors, the 2017 Plan will terminate on November 17, 2027.

*Securities Laws and Federal Income Tax Consequences.* The 2017 Plan is designed to comply with applicable securities laws in the same manner as described above in the description of the 2019 Plan under the heading “—2019 Incentive Award Plan—Securities Laws.” The general federal tax consequences of awards under the 2017 Plan are the same as those described above in the description of the 2019 Plan under the heading “—2019 Incentive Award Plan—Federal Income Tax Consequences.”

### **2019 Employee Stock Purchase Plan**

In connection with this offering, we intend to adopt and ask our stockholders to approve a 2019 Employee Stock Purchase Plan, or the ESPP. The material terms of the ESPP, as it is currently contemplated, are summarized below.

*Shares Available; Administration.* A total of \_\_\_\_\_ shares of our common stock are initially reserved for issuance under our ESPP. In addition, the number of shares available for issuance under the ESPP will be annually increased on January 1 of each calendar year beginning in 2020 and ending in 2029, by an amount equal to the lesser of: (a) 1% of the shares outstanding on the final day of the immediately preceding calendar year and (b) such smaller number of shares as is determined by our board of directors. In no event will more than \_\_\_\_\_ shares of our common stock be available for issuance under the ESPP.

Our board of directors or its committee will have authority to interpret the terms of the ESPP and determine eligibility of participants. We expect that the compensation committee will be the initial administrator of the ESPP.

*Eligibility.* Our employees are eligible to participate in the ESPP if they meet the eligibility requirements under the ESPP established from time to time by the plan administrator. However, an employee may not be granted rights to purchase stock under our ESPP if such employee, immediately after the grant, would own (directly or through attribution) stock possessing 5% or more of the total combined voting power or value of all classes of our common or other class of stock.

*Grant of Rights.* The ESPP is intended to qualify under Section 423 of the Code and stock will be offered under the ESPP during offering periods. The length of the offering periods under the ESPP will be determined by the plan administrator and may be up to 27 months long. Employee payroll deductions will be used to purchase shares on each purchase date during an offering period. The number of purchase periods within, and purchase dates during each offering period will be established by the plan administrator prior to the commencement of each offering period. Offering periods under the ESPP will commence when determined by the plan administrator. The plan administrator may, in its discretion, modify the terms of future offering periods.

The ESPP permits participants to purchase common stock through payroll deductions of up to \_\_\_% of their eligible compensation, which includes a participant’s gross base compensation for services to us, including overtime payments and excluding sales commissions, incentive compensation, bonuses, expense reimbursements, fringe benefits and other special payments. The plan administrator will establish a maximum number of shares that may be purchased by a participant during any offering period or purchase period, which, in the absence of a contrary designation, will be \_\_\_\_\_ shares. In addition, no employee will be permitted to accrue the right to purchase stock under the ESPP at a rate in excess of \$25,000 worth of shares during any calendar year during which such a purchase right is outstanding (based on the fair market value per share of our common stock as of the first day of the offering period).



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On the first trading day of each offering period, each participant will automatically be granted an option to purchase shares of our common stock. The option will be exercised on the applicable purchase date(s) during the offering period, to the extent of the payroll deductions accumulated during the applicable purchase period. The purchase price of the shares, in the absence of a contrary determination by the plan administrator, will be 85% of the lower of the fair market value of our common stock on the first trading day of the offering period or on the applicable purchase date, which will be the final trading day of the applicable purchase period. Participants may voluntarily end their participation in the ESPP at any time at least one week prior to the end of the applicable offering period (or such shorter or longer period specified by the plan administrator), and will be paid their accrued payroll deductions that have not yet been used to purchase shares of common stock. Participation ends automatically upon a participant's termination of employment.

A participant may not transfer rights granted under the ESPP other than by will, the laws of descent and distribution or as otherwise provided under the ESPP.

*Certain Transactions.* In the event of certain transactions or events affecting our common stock, such as any stock dividend or other distribution, change in control, reorganization, merger, consolidation or other corporate transaction, the plan administrator will make equitable adjustments to the ESPP and outstanding rights. In addition, in the event of the foregoing transactions or events or certain significant transactions, including a change in control, the plan administrator may provide for (1) either the replacement of outstanding rights with other rights or property or termination of outstanding rights in exchange for cash, (2) the assumption or substitution of outstanding rights by the successor or survivor corporation or parent or subsidiary thereof, if any, (3) the adjustment in the number and type of shares of stock subject to outstanding rights, (4) the use of participants' accumulated payroll deductions to purchase stock on a new purchase date prior to the next scheduled purchase date and termination of any rights under ongoing offering periods or (5) the termination of all outstanding rights. Under the ESPP, a change in control has the same definition as given to such term in the 2019 Plan.

*Plan Amendment; Termination.* The plan administrator may amend, suspend or terminate the ESPP at any time. However, stockholder approval of any amendment to the ESPP will be obtained for any amendment which increases the aggregate number or changes the type of shares that may be sold pursuant to rights under the ESPP, changes the corporations or classes of corporations whose employees are eligible to participate in the ESPP or changes the ESPP in any manner that would cause the ESPP to no longer be an employee stock purchase plan within the meaning of Section 423(b) of the Code. The ESPP will remain in effect until terminated by our board of directors.

*Securities Laws.* The ESPP has been designed to comply with various securities laws in the same manner as described above in the description of the 2019 Plan.

*Federal Income Taxes.* The material federal income tax consequences of the ESPP under current federal income tax law are summarized in the following discussion, which deals with the general tax principles applicable to the ESPP. The following discussion is based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change. Foreign, state and local tax laws, and employment, estate and gift tax considerations are not discussed due to the fact that they may vary depending on individual circumstances and from locality to locality.

The ESPP, and the right of participants to make purchases thereunder, is intended to qualify under the provisions of Section 423 of the Code. Under the applicable Code provisions, no income will be taxable to a participant until the sale or other disposition of the shares purchased under the ESPP. This means that an eligible employee will not recognize taxable income on the date the employee is granted an option under the ESPP (i.e., the first day of the offering period). In addition, the employee will not recognize taxable income upon the purchase of shares. Upon such sale or disposition, the participant will generally be subject to tax in an amount that depends upon the length of time such shares are held by the participant prior to disposing of them. If the



shares are sold or disposed of more than two years from the first day of the offering period during which the shares were purchased and more than one year from the date of purchase, or if the participant dies while holding the shares, the participant (or his or her estate) will recognize ordinary income measured as the lesser of: (1) the excess of the fair market value of the shares at the time of such sale or disposition over the purchase price; or (2) an amount equal to 15% of the fair market value of the shares as of the first day of the offering period. Any additional gain will be treated as long-term capital gain. If the shares are held for the holding periods described above but are sold for a price that is less than the purchase price, there is no ordinary income and the participating employee has a long-term capital loss for the difference between the sale price and the purchase price.

If the shares are sold or otherwise disposed of before the expiration of the holding periods described above, the participant will recognize ordinary income generally measured as the excess of the fair market value of the shares on the date the shares are purchased over the purchase price and we will be entitled to a tax deduction for compensation expense in the amount of ordinary income recognized by the employee. Any additional gain or loss on such sale or disposition will be long-term or short-term capital gain or loss, depending on how long the shares were held following the date they were purchased by the participant prior to disposing of them. If the shares are sold or otherwise disposed of before the expiration of the holding periods described above but are sold for a price that is less than the purchase price, the participant will recognize ordinary income equal to the excess of the fair market value of the shares on the date of purchase over the purchase price (and we will be entitled to a corresponding deduction), but the participant generally will be able to report a capital loss equal to the difference between the sales price of the shares and the fair market value of the shares on the date of purchase.

### **Director Compensation**

Historically, we have not paid cash or stock-based compensation to directors for their service on our board of directors. In 2017, we did not grant any equity awards to the non-employee members of our board of directors, and none of our non-employee directors held any equity awards as of December 31, 2017. On May 18, 2018 we granted to Dr. Daniel an option to purchase 590,000 shares of our common stock pursuant to our 2017 Plan in connection with his commencement of service on our board of directors, which option vests in 36 equal monthly installments commencing on January 14, 2018. The option has an exercise price per share of \$0.58, which was the fair market value at the time of grant. On December 4, 2018, we granted to Mr. Cox an option to purchase 210,000 shares of our common stock pursuant to our 2017 Plan in connection with his commencement of service on our board of directors, which option vests in 36 equal monthly installments commencing on December 4, 2018. The option has an exercise price per share of \$2.38, which was the fair market value at the time of grant. On December 14, 2018, we granted to Ms. Galá an option to purchase 210,000 shares of our common stock pursuant to our 2017 Plan in connection with her commencement of service on our board of directors, which option vests in 36 equal monthly installments commencing on December 14, 2018. On December 14, 2018, we granted to Dr. Bilenker an option to purchase 210,000 shares of our common stock pursuant to our 2017 Plan in connection with his commencement of service on our board of directors, which option vests in 36 equal monthly installments commencing on December 14, 2018. The option has an exercise price per share of \$2.38, which was the fair market value at the time of grant.

We have reimbursed and will continue to reimburse all of our non-employee directors for their travel, lodging and other reasonable expenses incurred in attending meetings of our board of directors and committees of our board of directors.

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The following table sets forth in summary form information concerning the compensation that we paid or awarded during the year ended December 31, 2018 to each of our non-employee directors.

<u>Name</u>	<u>Option Awards (\$)(1)</u>	<u>Total (\$)</u>
Joshua H. Bilenker, M.D.(2)	331,800	331,800
Kristina Burow	—	—
Russell Cox(3)	331,800	331,800
Thomas Daniel, M.D.(4)	224,200	224,200
Renée Galá(5)	331,800	331,800
Richard Lim	—	—
Robert Nelsen	—	—
Otello Stampacchia, Ph.D.	—	—
Wenkai Xiang, Ph.D.(6)	—	—
Qinqing Yi(7)	—	—

(1) This column reflects the grant date fair value of the option awards granted to the non-employee directors in 2018. In accordance with SEC rules, this column reflects the aggregate fair value of the option awards granted to the non-employee directors during 2018 computed as of the grant date in accordance with Financial Accounting Standards, Standard Board Accounting Codification Topic 718 for stock-based compensation transactions (ASC 718). Assumptions used in the calculation of this amount are included in Note 9 to our consolidated financial statements appearing elsewhere in this prospectus. This amount does not reflect the actual economic value that will be realized by the non-employee directors upon the vesting or exercise of the awards or the sale of the common stock underlying such awards. As of December 31, 2018, only the following non-employee directors held any outstanding equity awards: Dr. Bilenker, 210,000 options; Mr. Cox, 210,000 options; Dr. Daniel, 590,000 options; and Ms. Galá, 210,000 options.

(2) Dr. Bilenker was appointed to our board of directors effective December 14, 2018.

(3) Mr. Cox was appointed to our board of directors effective November 26, 2018.

(4) Dr. Daniel was appointed to our board of directors effective January 4, 2018.

(5) Ms. Galá was appointed to our board of directors effective December 14, 2018.

(6) Dr. Xiang was appointed to our board of directors effective December 18, 2018.

(7) Mr. Yi resigned from our board of directors effective December 18, 2018.

In connection with this offering, we intend to adopt and ask our stockholders to approve the initial terms of our non-employee director compensation program. The material terms of the non-employee director compensation program, as it is currently contemplated, are summarized below. Our board of directors is still in the process of considering the non-employee director compensation program and, accordingly, this summary is subject to change.

The non-employee director compensation policy will provide for annual retainer fees and/or long-term equity awards for our non-employee directors. We expect each non-employee director will receive an annual retainer of \$40,000. Non-employee directors serving as the chairs of the audit, compensation and nominating and corporate governance committees will receive additional annual retainers of \$15,000, \$10,000 and \$8,000, respectively. Non-employee directors serving as members of the audit, compensation and nominating and corporate governance committees will receive additional annual retainers of \$7,500, \$5,000 and \$4,000, respectively. The non-employee directors will also receive initial grants of options to purchase shares of our common stock, vesting monthly over three years, upon election to the board of directors, and thereafter annual grants of options to purchase shares of our common stock, vesting on the first to occur of (1) the first anniversary of the grant date or (2) the next occurring annual meeting of our stockholders.

Compensation under our non-employee director compensation policy will be subject to the annual limits on non-employee director compensation set forth in the 2019 Plan, as described above. Our board of directors or its authorized committee may modify the non-employee director compensation program from time to time in the exercise of its business judgment, taking into account such factors, circumstances and considerations as it shall deem relevant from time to time, subject to the annual limit on non-employee director compensation set forth in the 2019 Plan. As provided in the 2019 Plan, our board of directors or its authorized committee may make

exceptions to this limit for individual non-employee directors in extraordinary circumstances, as the board of directors or its authorized committee may determine in its discretion, provided that the non-employee director receiving such additional compensation may not participate in the decision to award such compensation or in other compensation decisions involving non-employee directors.

### **Limitations of Liability and Indemnification Matters**

Our amended and restated certificate of incorporation and our amended and restated bylaws provide that we will indemnify our directors and officers to the fullest extent permitted by the Delaware General Corporation Law, which prohibits our amended and restated certificate of incorporation from limiting the liability of our directors for the following:

- any breach of the director's duty of loyalty to us or our stockholders;
- acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- unlawful payment of dividends or unlawful stock repurchases or redemptions; or
- any transaction from which the director derived an improper personal benefit.

Our amended and restated certificate of incorporation and our amended and restated bylaws also provide that if Delaware law is amended to authorize corporate action further eliminating or limiting the personal liability of a director, then the liability of our directors will be eliminated or limited to the fullest extent permitted by Delaware law, as so amended. This limitation of liability does not apply to liabilities arising under the federal securities laws and does not affect the availability of equitable remedies such as injunctive relief or rescission.

Our amended and restated certificate of incorporation and our amended and restated bylaws also provide that we shall have the power to indemnify our employees and agents to the fullest extent permitted by law. Our amended and restated bylaws also permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in this capacity, regardless of whether our amended and restated bylaws would permit indemnification. We have obtained directors' and officers' liability insurance.

We have entered into separate indemnification agreements with our directors and executive officers, in addition to indemnification provided for in our amended and restated certificate of incorporation and amended and restated bylaws. These agreements, among other things, provide for indemnification of our directors and executive officers for expenses, judgments, fines and settlement amounts incurred by this person in any action or proceeding arising out of this person's services as a director or executive officer or at our request. We believe that these provisions in our amended and restated certificate of incorporation and amended and restated bylaws and indemnification agreements are necessary to attract and retain qualified persons as directors and executive officers.

The above description of the indemnification provisions of our amended and restated certificate of incorporation, our amended and restated bylaws and our indemnification agreements is not complete and is qualified in its entirety by reference to these documents, each of which is filed as an exhibit to the registration statement of which this prospectus is a part.

The limitation of liability and indemnification provisions in our amended and restated certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duties. They may also reduce the likelihood of derivative litigation against directors and officers, even though an action, if successful, might benefit us and our stockholders. A stockholder's investment may be harmed to the extent we pay the costs of settlement and damage awards against

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directors and officers pursuant to these indemnification provisions. Insofar as indemnification for liabilities under the Securities Act may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable. There is no pending litigation or proceeding naming any of our directors or officers as to which indemnification is being sought, nor are we aware of any pending or threatened litigation that may result in claims for indemnification by any director or officer.

## CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

The following includes a summary of transactions since our inception on October 26, 2015 to which we have been a party in which the amount involved exceeded or will exceed \$120,000, and in which any of our directors, executive officers or, to our knowledge, beneficial owners of more than 5% of our capital stock or any member of the immediate family of any of the foregoing persons had or will have a direct or indirect material interest, other than equity and other compensation, termination, change in control and other arrangements, which are described under “Executive and Director Compensation.” We also describe below certain other transactions with our directors, executive officers and stockholders.

### **Convertible Promissory Note**

On October 2, 2017, we issued and sold in a private placement a \$6.0 million convertible promissory note, or the ARCH note, to ARCH Venture Fund IX, L.P., or ARCH IX. The ARCH note accrued interest at a rate of 8% per annum. The ARCH note, including \$0.1 million in accrued interest thereon, was automatically converted into shares of our Series A convertible preferred stock in the January 2018 Series A convertible preferred stock financing described below. ARCH IX is a beneficial owner of more than 5% of our capital stock.

### **Merger Agreement**

On December 29, 2017, we entered into a merger agreement, or the Merger Agreement, with AA BioPharma Inc. and AAB Merger Sub, Inc., or Merger Sub, a Delaware corporation and our wholly-owned subsidiary. Pursuant to the Merger Agreement, in January 2018, Merger Sub was merged into and with AA BioPharma, with AA BioPharma surviving as our wholly-owned subsidiary. Pulmagen Therapeutics (Asthma) Limited is a wholly-owned subsidiary of AA BioPharma. In connection with the Merger Agreement, all of the issued and outstanding shares of AA BioPharma were converted into shares of our stock, including 4,955,752 shares of our common stock issued to one investor and 20,000,000 shares of our Series Seed convertible preferred stock issued to Omega Fund V, L.P., or Omega V, a beneficial owner of more than 5% of our capital stock.

### **Preferred Stock Financings**

*Series A Convertible Preferred Stock Financings.* In January 2018, we entered into a Series A preferred stock purchase agreement, pursuant to which we sold to investors in an initial closing and subsequent closings from January 2018 to March 2018 in private placements an aggregate of 45,714,286 shares of our Series A convertible preferred stock at a purchase price of \$1.75 per share, for an aggregate purchase price of approximately \$80.0 million, including the conversion of the ARCH note described above for approximately \$6.1 million.

*Series B Convertible Preferred Stock Financing.* In July 2018, we entered into a Series B preferred stock purchase agreement, pursuant to which we sold to investors in July 2018 in private placements an aggregate of 71,506,513 shares of our Series B convertible preferred stock at a purchase price of \$3.2167 per share, for an aggregate purchase price of approximately \$230.0 million.

All purchasers of our convertible preferred stock are entitled to specified registration rights. See the section titled “Description of Capital Stock—Registration Rights” for more information regarding these registration rights.

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The following table sets forth the aggregate number of shares acquired by the listed directors, executive officers or holders of more than 5% of our capital stock, or their affiliates. Each share of preferred stock, including the shares identified in the following table, will convert into shares of common stock at a ratio of one-for-one immediately prior to the closing of this offering.

Participants	Series Seed Convertible Preferred Stock	Series A Convertible Preferred Stock	Series B Convertible Preferred Stock
<b>Executive Officers and Directors</b>			
Sheila Gujrathi, M.D. (1)	—	371,968	93,263
Faheem Hasnain(2)	—	371,968	155,439
Bryan Giraud	—	57,142	23,316
Christian Waage(3)	—	—	15,543
Thomas Daniel, M.D.(4)	—	171,429	—
<b>5% or Greater Stockholders(5)</b>			
Entities affiliated with ARCH Venture Partners(6)	—	33,142,857	3,108,776
Omega Fund V, L.P. (7)	20,000,000	7,124,620	4,165,760
HH Goss Holdings LLC(8)	—	—	22,383,188

(1) Represents securities acquired by family trusts. Dr. Gujrathi, our President, Chief Executive Officer and a member of our board of directors, is a trustee of one of these family trusts, and is a beneficial holder of more than 5% of our capital stock.

(2) Represents securities acquired by family trusts. Mr. Hasnain, our Executive Chairman of the board of directors, is a trustee of one of these family trusts, and is a beneficial holder of more than 5% of our capital stock.

(3) Represents securities acquired by the Waage Trust Dated June 11, 2008. Christian Waage, our Executive Vice President and General Counsel, is a trustee of the Waage Trust Dated June 11, 2008.

(4) Represents securities acquired by the Thomas Oran Daniel Living Trust. Thomas Daniel, M.D., a member of our board of directors, is a trustee of the Thomas Oran Daniel Living Trust.

(5) Additional details regarding these stockholders and their equity holdings are provided under the section in this prospectus entitled “Principal Stockholders.”

(6) Represents securities acquired by ARCH IX and ARCH Venture Fund IX Overage, L.P., or ARCH Overage. Robert Nelsen and Kristina Burow were at the time of the Series B convertible preferred stock financing, members of our board of directors, and Ms. Burow is currently a member of our board of directors, and are Managing Directors of ARCH Venture Partners, which is an affiliate of ARCH IX and ARCH Overage and their affiliated funds.

(7) Richard Lim and Otello Stampacchia, Ph.D. were at the time of the Series B convertible preferred stock financing, members of our board of directors, and Dr. Stampacchia is currently a member of our board of directors, and are Managing Directors of Omega Fund Management, which is an affiliate of Omega V.

(8) Wenkai Xiang, Ph.D. is currently a member of our board of directors and is a Managing Director at Hillhouse Capital Group, or, together with its affiliates, Hillhouse, which is an affiliate of HH Goss Holdings LLC.

### Board Designation Agreement with Hillhouse

On July 20, 2018, we entered into a board designation agreement with HH Goss Holdings LLC, a beneficial owner of more than 5% of our capital stock and an affiliate of Hillhouse. The agreement provides that HH Goss Holdings LLC or its affiliates will, effective as of the closing of this offering, have the right to designate one member to our board of directors and have such member appointed to any board committee that it requests, in each case, subject to our obligation to comply with applicable law and Nasdaq listing standards. The Hillhouse board designation agreement terminates at such time as HH Goss Holdings LLC and its affiliates cease to beneficially own at least 5% of our outstanding voting stock, or upon the later of (a) 18 months following the closing of this offering or (b) six months following the first public read out of interim results from our planned GB001 Phase 2 clinical trial. Upon termination of the agreement, the director seat will be filled by our stockholders in accordance with our amended and restated certificate of incorporation and our amended and restated by-laws, as described in “Management—Board Composition and Election of Directors.”

### **Investor Rights Agreement**

We entered into an investor rights agreement in January 2018, which was amended in July 2018, with the holders of our convertible preferred stock, including entities with which certain of our directors are affiliated. This agreement provides for certain rights relating to the registration of their shares of common stock issuable upon conversion of their convertible preferred stock and certain additional covenants made by us. Except for the registration rights (including the related provisions pursuant to which we have agreed to indemnify the parties to the investor rights agreement), all rights under this agreement will terminate upon closing of this offering. The registration rights will continue following this offering and will terminate five years following the closing of this offering. See “Description of Capital Stock—Registration Rights” for additional information.

### **Voting Agreement**

We entered into a voting agreement in January 2018, which was amended in July 2018, with certain of our stockholders, pursuant to which the following directors were each elected to serve as members on our board of directors: Sheila Gujrathi, M.D., Faheem Hasnain, Robert Nelsen, Kristina Burow, Richard Lim, Otello Stampacchia, Ph.D., Qinqing Yi and Thomas Daniel, M.D. Other than Mr. Nelsen, Mr. Lim and Mr. Yi, each of these directors continues to serve on our board of directors. Pursuant to the voting agreement, Dr. Gujrathi, as our Chief Executive Officer, and Mr. Hasnain serve on our board of directors as a representative of holders of our common stock, as designated by a majority of our common stockholders. Mr. Nelsen and Ms. Burow were initially selected to serve on our board of directors as representatives of holders of our Series A convertible preferred stock, as designated by ARCH Venture Fund IX, L.P. Messrs. Lim and Stampacchia were also initially selected to serve on our board of directors as representatives of holders of our Series A convertible preferred stock, as designated by Omega Fund V, L.P. Mr. Yi was initially selected to serve on our board of directors as a representative of holders of our Series B convertible preferred stock, as designated by HH Goss Holdings LLC. Dr. Daniel was initially selected to serve on our board of directors as a representative of holders of our common stock and preferred stock, as designated by a majority of our common and preferred stockholders, voting together as a single class.

The voting agreement will terminate upon the closing of this offering and, other than Mr. Nelsen, Mr. Lim and Mr. Yi, members previously elected to our board of directors pursuant to this agreement will continue to serve as directors until they resign, are removed or their successors are duly elected by holders of our common stock. Wenkai Xiang, Ph.D. has been designated as a replacement for Mr. Yi, and shall continue to serve pursuant to the board designation agreement with HH Goss Holdings LLC. The composition of our board of directors after this offering is described in more detail under “Management—Board Composition and Election of Directors.”

### **Founders’ Equity Grants**

On December 3, 2015, we issued and sold to each of Sheila Gujrathi, M.D. and Faheem Hasnain 20,612,000 shares of our common stock for a per share purchase price of \$0.001 per share. For more information regarding these and additional stock issuances to Dr. Gujrathi and Mr. Hasnain pursuant to their employment letters, see the section in this prospectus entitled “Executive and Director Compensation—Employment Letters with our Named Executive Officers.”

### **Employment Agreements**

We have entered into employment agreements with our executive officers. For more information regarding these employment agreements, see the section in this prospectus entitled “Executive and Director Compensation—Employment Letters with our Named Executive Officers.”

### **Director and Officer Indemnification**

We have entered into indemnification agreements with each of our directors and executive officers. These agreements, among other things, require us or will require us to indemnify each director (and in certain cases their related venture capital funds) and executive officer to the fullest extent permitted by Delaware law, including indemnification of expenses such as attorneys' fees, judgments, fines and settlement amounts incurred by the director or executive officer in any action or proceeding, including any action or proceeding by or in right of us, arising out of the person's services as a director or executive officer.

Our amended and restated certificate of incorporation and our amended and restated bylaws provide that we will indemnify each of our directors and officers to the fullest extent permitted by the Delaware General Corporation Law. Further, we have purchased a policy of directors' and officers' liability insurance that insures our directors and officers against the cost of defense, settlement or payment of a judgment under certain circumstances. For further information, see "Executive and Director Compensation—Limitations of Liability and Indemnification Matters."

### **Stock Option Grants to Executive Officers and Directors**

We have granted restricted stock and stock options to our executive officers and certain of our directors as more fully described in the section entitled "Executive and Director Compensation."

### **Other Transactions and Arrangements**

Aaron Hasnain is the son of our Executive Chairman, Faheem Hasnain, and currently serves as our Director, Business Development at a salary of \$140,000 per year, a position he has held since January 2018. In November 2017, we granted 226,732 shares of restricted stock to Aaron Hasnain.

### **Policies and Procedures for Related Person Transactions**

Our board of directors will adopt a written related person transaction policy, to be effective upon the closing of this offering, setting forth the policies and procedures for the review and approval or ratification of related-person transactions. This policy will cover, with certain exceptions set forth in Item 404 of Regulation S-K under the Securities Act, any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships in which we were or are to be a participant, where the amount involved exceeds \$120,000 and a related person had or will have a direct or indirect material interest, including, without limitation, purchases of goods or services by or from the related person or entities in which the related person has a material interest, indebtedness, guarantees of indebtedness and employment by us of a related person. In reviewing and approving any such transactions, our audit committee is tasked to consider all relevant facts and circumstances, including, but not limited to, whether the transaction is on terms comparable to those that could be obtained in an arm's length transaction and the extent of the related person's interest in the transaction. All of the transactions described in this section occurred prior to the adoption of this policy.



## PRINCIPAL STOCKHOLDERS

The following table sets forth information with respect to the beneficial ownership of our common stock as of December 15, 2018, and as adjusted to reflect the sale of shares of common stock in this offering, by:

- each of our named executive officers;
- each of our directors;
- all of our executive officers and directors as a group; and
- each person or group of affiliated persons known by us to beneficially own more than 5% of our common stock.

The number of shares beneficially owned by each stockholder is determined under rules issued by the SEC. Under these rules, beneficial ownership includes any shares as to which a person has sole or shared voting power or investment power. Applicable percentage ownership is based on 207,121,355 shares of common stock outstanding on December 15, 2018, which gives effect to the automatic conversion of all outstanding shares of our preferred stock into 137,220,799 shares of our common stock and includes 33,779,070 shares subject to forfeiture. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to options or other rights held by such person that are currently exercisable or will become exercisable within 60 days of December 15, 2018 are considered outstanding, although these shares are not considered outstanding for purposes of computing the percentage ownership of any other person.

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Unless otherwise indicated, the address of each beneficial owner listed below is c/o Gossamer Bio, Inc., 3013 Science Park Road, Suite 200, San Diego, California 92121. We believe, based on information provided to us, that each of the stockholders listed below has sole voting and investment power with respect to the shares beneficially owned by the stockholder unless noted otherwise, subject to community property laws where applicable.

Name of Beneficial Owner	Shares Beneficially Owned Before and After the Offering	Percentage of Shares Beneficially Owned	
		Before Offering	After Offering
<b>5% or Greater Stockholders</b>			
Funds affiliated with ARCH Venture Partners(1)	36,251,633	17.5%	%
Omega Fund V, L.P.(2)	31,290,380	15.1%	%
HH Goss Holdings LLC(3)	22,383,188	10.8%	%
Trusts for the benefit of Mr. Hasnain's family(4)	15,174,486	7.3%	%
Trusts for the benefit of Dr. Gujrathi's family(5)	12,114,716	5.8%	%
<b>Named Executive Officers and Directors</b>			
Sheila Gujrathi, M.D.(6)	18,172,081	8.8%	%
Faheem Hasnain(7)	15,174,487	7.3%	%
Christian Waage(8)	2,365,311	1.1%	%
Bryan Giraud	80,458	*	%
Jakob Dupont, M.D.	—	*	%
Joshua H. Bilenker, M.D.(9)	5,833	*	%
Kristina Burow	—	*	%
Russell Cox(10)	11,666	*	%
Thomas Daniel, M.D.(11)	368,095	*	%
Renée Galá(12)	5,833	*	%
Otello Stampacchia, Ph.D.(13)	31,290,380	15.1%	%
Wenkai Xiang, Ph.D.	—	*	%
All executive officers and directors as a group (15 persons)(14)	68,257,400	32.9%	%

\* Less than 1%.

- (1) Consists of (i) 18,125,817 shares of common stock held by ARCH Venture Fund IX, L.P., or ARCH IX, and (ii) 18,125,816 shares of common stock held by ARCH Overage. ARCH Venture Partners IX, L.P., or the GPLP, as the sole general partner of ARCH IX, may be deemed to beneficially own certain of the shares held by ARCH IX. The GPLP disclaims beneficial ownership of all shares held by ARCH IX in which the GPLP does not have an actual pecuniary interest. ARCH Venture Partners IX Overage, L.P., or the Overage GPLP, as the sole general partner of ARCH Overage, may be deemed to beneficially own certain of the shares held by ARCH Overage. The Overage GPLP disclaims beneficial ownership of all shares held by ARCH Overage. ARCH Venture Partners IX, LLC, or GPLLC, as the sole general partner of the Overage GPLP and GPLP, may be deemed to beneficially own the shares held by ARCH IX and ARCH Overage. As managing directors of GPLLC, each of Keith Crandell, Clinton Bybee and Robert Nelsen, or the ARCH Managing Directors, may be deemed to share the power to direct the disposition and vote of, and therefore to beneficially own, the shares held by ARCH IX and ARCH Overage. The ARCH Managing Directors disclaim beneficial ownership of all shares held by ARCH IX and ARCH Overage except to the extent of any actual pecuniary interest. Director Kristina Burow owns an interest in GPLP and Overage GPLP but does not have voting or investment control over the shares held by ARCH IX and ARCH Overage and disclaims beneficial ownership of such shares, except to the extent of any pecuniary interest therein. The address of ARCH IX, ARCH Overage, GPLP, Overage GPLP, GPLLC and the ARCH Managing Directors is 8755 West Higgins Road, Suite 1025, Chicago, Illinois 60631.
- (2) Consists of 31,290,380 shares of common stock. Omega Fund V GP, L.P., or Omega V GP LP, is the general partner of Omega V. Omega Fund V GP Manager, Ltd., or Omega V GP Ltd, is the general partner of Omega V GP LP. Richard Lim, Dr. Stampacchia, Claudio Nessi and Anne-Mari Paster are Managing Directors and all the shareholders and directors of Omega V GP Ltd and have shared voting and investment power over the shares held by Omega V. The address of Omega V, Omega V GP LP and Omega V GP Ltd is 185 Dartmouth Street, Suite 502, Boston, MA 02116.
- (3) Consists of 22,383,188 shares of common stock held by HH Goss Holdings LLC, a limited liability company incorporated in the Cayman Islands. HH Goss Holdings LLC is beneficially owned and controlled by Hillhouse Fund IV, L.P. which is a Cayman Islands limited partnership. Hillhouse Capital Management, Ltd. acts as the sole management company of Hillhouse Fund IV, L.P., which is in turn ultimately controlled by Mr. Lei Zhang. The registered address of HH Goss Holdings LLC is Citco Trustees (Cayman) Limited, 89 Nexus Way, Camana Bay, PO Box 31106, Grand Cayman KY1-1205, Cayman Islands.

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- (4) Eric I. Weitzen is the trustee of the trusts for the benefit of Mr. Hasnain's family, and in such capacity has the sole power to vote and dispose of such shares. Mr. Weitzen disclaims beneficial ownership of the shares held by these trusts.
- (5) Ms. Adee Cohen and Dr. Sunil Gujrathi are trustees of the trusts for the benefit of Dr. Gujrathi's family, and in such capacity have joint power to vote and dispose of such shares. Ms. Adee Cohen and Dr. Sunil Gujrathi disclaim beneficial ownership of the shares held by these trusts.
- (6) Consists of 18,172,081 shares of common stock, including 14,910,783 shares subject to forfeiture, held by a separate family trust. Dr. Gujrathi is a trustee of such family trust and in such capacity has the power to vote and dispose of such shares.
- (7) Consists of 15,174,487 shares of common stock, including 14,910,783 shares subject to forfeiture, held by a family trust. Mr. Hasnain is the trustee of such family trust and in such capacity has the sole power to vote and dispose of such shares.
- (8) Consists of 2,365,311 shares of common stock held by the Waage Trust Dated June 11, 2008, or the Waage Trust, including 1,762,326 shares subject to forfeiture. Mr. Waage is the trustee of the Waage Trust and in such capacity has the sole power to vote and dispose of such shares.
- (9) Consists of 5,833 shares of common stock underlying options held by Dr. Bilenker that are exercisable as of December 15, 2018 or that will become exercisable within 60 days after such date.
- (10) Consists of 11,666 shares of common stock underlying options held by Mr. Cox that are exercisable as of December 15, 2018 or that will become exercisable within 60 days after such date.
- (11) Consists of 171,429 shares of common stock held by the Thomas Oran Daniel Living Trust, or the Daniel Trust, and 196,666 shares of common stock underlying options held by Dr. Daniel that are exercisable as of December 15, 2018 or that will become exercisable within 60 days after such date. Dr. Daniel is the trustee of the Daniel Trust and in such capacity has the sole power to vote and dispose of such shares.
- (12) Consists of 5,833 shares of common stock underlying options held by Ms. Galá that are exercisable as of December 15, 2018 or that will become exercisable within 60 days after such date.
- (13) Consists of the shares described in note 2 above. Dr. Stampacchia is a Managing Director of Omega V GP Ltd, which is the sole general partner of Omega V GP LP, which is the sole general partner of Omega V, and as such may be deemed to beneficially own such shares. Dr. Stampacchia disclaims beneficial ownership of such shares except to the extent of any pecuniary interest therein.
- (14) Consists of (i) the shares described in notes 6 through 13 above and (ii) 783,256 shares of common stock held by Luisa Salter-Cid, Ph.D., our Chief Scientific Officer, 587,442 of which are subject to forfeiture.

## DESCRIPTION OF CAPITAL STOCK

### General

The following description summarizes some of the terms of our amended and restated certificate of incorporation and amended and restated bylaws, the amended and restated investor rights agreement and of the Delaware General Corporation Law. Because it is only a summary, it does not contain all the information that may be important to you. For a complete description you should refer to our amended and restated certificate of incorporation, amended and restated bylaws, and amended and restated investor rights agreement, copies of which have been filed or incorporated by reference as exhibits to the registration statement of which the prospectus is a part, as well as the relevant provisions of the Delaware General Corporation Law.

Following the closing of this offering, our authorized capital stock will consist of \_\_\_\_\_ shares of common stock, \$0.0001 par value per share, and 10,000,000 shares of preferred stock, \$0.0001 par value per share.

### Common Stock

As of September 30, 2018, there were 207,121,355 shares of our common stock outstanding and held of record by 107 stockholders, assuming the automatic conversion of all outstanding shares of our convertible preferred stock into shares of common stock, which will automatically occur immediately prior to the closing of this offering. Holders of our common stock are entitled to one vote for each share held on all matters submitted to a vote of stockholders, including the election of directors, and do not have cumulative voting rights. Accordingly, the holders of a majority of the outstanding shares of common stock entitled to vote in any election of directors can elect all of the directors standing for election, if they so choose, other than any directors that holders of any preferred stock we may issue may be entitled to elect. Subject to the supermajority votes for some matters, other matters shall be decided by the affirmative vote of our stockholders having a majority in voting power of the votes cast by the stockholders present or represented and voting on such matter. Our amended and restated certificate of incorporation and amended and restated bylaws also provide that our directors may be removed only for cause and only by the affirmative vote of the holders of at least two-thirds in voting power of the outstanding shares of capital stock entitled to vote thereon. In addition, the affirmative vote of the holders of at least two-thirds in voting power of the outstanding shares of capital stock entitled to vote thereon is required to amend or repeal, or to adopt any provision inconsistent with, several of the provisions of our amended and restated certificate of incorporation. See below under “—Anti-Takeover Effects of Delaware Law and Our Certificate of Incorporation and Bylaws —Amendment of Charter Provisions.”

Subject to preferences that may be applicable to any then outstanding preferred stock, holders of common stock are entitled to receive ratably those dividends, if any, as may be declared by the board of directors out of legally available funds. In the event of our liquidation, dissolution or winding up, the holders of common stock will be entitled to share ratably in the assets legally available for distribution to stockholders after the payment of or provision for all of our debts and other liabilities, subject to the prior rights of any preferred stock then outstanding. Holders of common stock have no preemptive or conversion rights or other subscription rights and there are no redemption or sinking funds provisions applicable to the common stock. All outstanding shares of common stock are, and the common stock to be outstanding upon the closing of this offering will be, duly authorized, validly issued, fully paid and nonassessable. The rights, preferences and privileges of holders of common stock are subject to and may be adversely affected by the rights of the holders of shares of any series of preferred stock that we may designate and issue in the future.

### Preferred Stock

Upon completion of this offering, all of our previously outstanding shares of convertible preferred stock will have been converted into common stock, there will be no authorized shares of our previously convertible

preferred stock and we will have no shares of preferred stock outstanding. Under the terms of our amended and restated certificate of incorporation, which will become effective immediately prior to the closing of this offering, our board of directors has the authority, without further action by our stockholders, to issue up to 10,000,000 shares of preferred stock in one or more series, to establish from time to time the number of shares to be included in each such series, to fix the dividend, voting and other rights, preferences and privileges of the shares of each wholly unissued series and any qualifications, limitations or restrictions thereon, and to increase or decrease the number of shares of any such series, but not below the number of shares of such series then outstanding.

Our board of directors may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of the common stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a change in our control and may adversely affect the market price of the common stock and the voting and other rights of the holders of common stock. We have no current plans to issue any shares of preferred stock.

## **Options**

As of September 30, 2018, options to purchase 9,469,500 shares of our common stock were outstanding, of which 155,833 were vested and 155,833 were exercisable as of that date. For additional information regarding the terms of this plan, see “Executive Compensation—Incentive Award Plans—2017 Equity Incentive Plan.”

## **Registration Rights**

As of September 30, 2018, upon the closing of this offering holders of \_\_\_\_\_ shares of our common stock, which includes all of the shares of common stock issuable upon the automatic conversion of our convertible preferred stock immediately prior to the closing of this offering, will be entitled to the following rights with respect to the registration of such shares for public resale under the Securities Act, pursuant to the amended and restated investor rights agreement by and among us and certain of our stockholders. The registration of shares of common stock as a result of the following rights being exercised would enable holders to trade these shares without restriction under the Securities Act when the applicable registration statement is declared effective.

## **Demand Registration Rights**

*Form S-1.* If at any time beginning six months following the effective date of the registration statement of which this prospectus forms a part, investors holding at least 3,000,000 shares of our common stock, which we refer to as major investors, who also hold at least 30% of the registrable securities request in writing that we effect a registration with respect to at least 50% of the registrable securities then outstanding (or a lesser percent if the anticipated aggregate offering price, net of selling expenses, would exceed \$10 million) in an offering, we may be required to register their shares. We are obligated to effect at most two registrations for the holders of registrable securities in response to these demand registration rights, subject to certain exceptions.

*Form S-3.* If at any time we become entitled under the Securities Act to register our shares on Form S-3, major investors holding at least 20% of the registrable securities request in writing that we register their shares for public resale on Form S-3 and the price to the public of the offering is \$5.0 million or more, we will be required to provide notice to all holders of registrable securities and to use all reasonable efforts to effect such registration; provided, however, that we will not be required to effect such a registration if, within the preceding 12 months, we have already effected two registrations on Form S-3 for the holders of registrable securities.

If the holders requesting registration intend to distribute their shares by means of an underwriting, the underwriter of such offering will have the right to limit the numbers of shares to be underwritten for reasons related to the marketing of the shares.

### ***Piggyback Registration Rights***

If at any time following the closing of this offering we propose to register any shares of our common stock under the Securities Act, subject to certain exceptions, the holders of registrable securities will be entitled to notice of the registration and to include their shares of registrable securities in the registration. If our proposed registration involves an underwriting, the managing underwriter of such offering will have the right to limit the number of shares to be underwritten for reasons related to the marketing of the shares.

### ***Indemnification***

Our investor rights agreement contains customary cross indemnification provisions, under which we are obligated to indemnify holders of registrable securities in the event of material misstatements or omissions in the registration statement attributable to us, and they are obligated to indemnify us for material misstatements or omissions attributable to them.

### ***Expenses***

Ordinarily, other than underwriting discounts and commissions, we will be required to pay all expenses incurred by us related to any registration effected pursuant to the exercise of these registration rights. These expenses may include all registration and filing fees, printing expenses, fees and disbursements of our counsel, reasonable fees and disbursements of a counsel for the selling securityholders, blue sky fees and expenses and the expenses of any special audits incident to the registration.

### ***Termination of Registration Rights***

The registration rights terminate upon the earlier of: (1) five years after the closing of this offering, (2) upon the closing of an acquisition of our company or (3) with respect to a particular holder, such time as Rule 144 or another similar exemption under the Securities Act is available for the sale of all shares by such holder without limitation during a three-month period without registration.

### ***Anti-Takeover Effects of Delaware Law and Our Certificate of Incorporation and Bylaws***

Some provisions of Delaware law, our amended and restated certificate of incorporation and our amended and restated bylaws contain provisions that could make the following transactions more difficult: an acquisition of us by means of a tender offer; an acquisition of us by means of a proxy contest or otherwise; or the removal of our incumbent officers and directors. It is possible that these provisions could make it more difficult to accomplish or could deter transactions that stockholders may otherwise consider to be in their best interest or in our best interests, including transactions which provide for payment of a premium over the market price for our shares.

These provisions, summarized below, are intended to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of the increased protection of our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging these proposals because negotiation of these proposals could result in an improvement of their terms.

### ***Undesignated Preferred Stock***

The ability of our board of directors, without action by the stockholders, to issue up to 10,000,000 shares of undesignated preferred stock with voting or other rights or preferences as designated by our board of directors could impede the success of any attempt to change control of us. These and other provisions may have the effect of deferring hostile takeovers or delaying changes in control or management of our company.

### ***Stockholder Meetings***

Our amended and restated bylaws provide that a special meeting of stockholders may be called only by our chairman of the board, chief executive officer or president, or by a resolution adopted by a majority of our board of directors.

### ***Requirements for Advance Notification of Stockholder Nominations and Proposals***

Our amended and restated bylaws establish advance notice procedures with respect to stockholder proposals to be brought before a stockholder meeting and the nomination of candidates for election as directors, other than nominations made by or at the direction of the board of directors or a committee of the board of directors.

### ***Elimination of Stockholder Action by Written Consent***

Our amended and restated certificate of incorporation and amended and restated bylaws eliminate the right of stockholders to act by written consent without a meeting.

### ***Staggered Board***

Our board of directors is divided into three classes. The directors in each class will serve for a three-year term (other than the directors initially assigned to Class I whose term shall expire at our first annual meeting of stockholders), one class being elected each year by our stockholders. For more information on the classified board, see “Management—Board Composition and Election of Directors.” This system of electing and removing directors may tend to discourage a third party from making a tender offer or otherwise attempting to obtain control of us, because it generally makes it more difficult for stockholders to replace a majority of the directors.

### ***Removal of Directors***

Our amended and restated certificate of incorporation provides that no member of our board of directors may be removed from office by our stockholders except for cause and, in addition to any other vote required by law, upon the approval of not less than two thirds of the total voting power of all of our outstanding voting stock then entitled to vote in the election of directors.

### ***Stockholders Not Entitled to Cumulative Voting***

Our amended and restated certificate of incorporation does not permit stockholders to cumulate their votes in the election of directors. Accordingly, the holders of a majority of the outstanding shares of our common stock entitled to vote in any election of directors can elect all of the directors standing for election, if they choose, other than any directors that holders of our preferred stock may be entitled to elect.

### ***Delaware Anti-Takeover Statute***

We are subject to Section 203 of the Delaware General Corporation Law, which prohibits persons deemed to be “interested stockholders” from engaging in a “business combination” with a publicly held Delaware corporation for three years following the date these persons become interested stockholders unless the business combination is, or the transaction in which the person became an interested stockholder was, approved in a prescribed manner or another prescribed exception applies. Generally, an “interested stockholder” is a person who, together with affiliates and associates, owns, or within three years prior to the determination of interested stockholder status did own, 15% or more of a corporation’s voting stock. Generally, a “business combination” includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. The existence of this provision may have an anti-takeover effect with respect to transactions not approved in advance by the board of directors.

### ***Choice of Forum***

Our amended and restated certificate of incorporation provides that, unless we consent in writing to the selection of an alternative form, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for: (1) any derivative action or proceeding brought on our behalf; (2) any action asserting a claim of breach of a fiduciary duty or other wrongdoing by any of our directors, officers, employees or agents to us or our stockholders, creditors or other constituents; (3) any action asserting a claim against us arising pursuant to any provision of the General Corporation Law of the State of Delaware or our amended and restated certificate of incorporation or amended and restated bylaws; (4) any action to interpret, apply, enforce or determine the validity of our certificate of incorporation or bylaws; or (5) any action asserting a claim governed by the internal affairs doctrine. The provision would not apply to suits brought to enforce a duty or liability created by the Securities Exchange Act of 1934, as amended. In any case, stockholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder. Furthermore, our amended and restated certificate of incorporation will also provide that unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. The enforceability of similar choice of forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that a court could find these types of provisions to be inapplicable or unenforceable. Our restated certificate of incorporation also provides that any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of and to have consented to this choice of forum provision.

### ***Amendment of Charter Provisions***

The amendment of any of the above provisions, except for the provision making it possible for our board of directors to issue preferred stock, would require approval by holders of at least two thirds of the total voting power of all of our outstanding voting stock.

The provisions of Delaware law, our amended and restated certificate of incorporation and our amended and restated bylaws could have the effect of discouraging others from attempting hostile takeovers and, as a consequence, they may also inhibit temporary fluctuations in the market price of our common stock that often result from actual or rumored hostile takeover attempts. These provisions may also have the effect of preventing changes in the composition of our board and management. It is possible that these provisions could make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests.

### ***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, Massachusetts 02021.

### ***The Nasdaq Global Select Market Listing***

We have applied to have our common stock listed on the Nasdaq Global Select Market under the symbol "GOSS."

### ***Limitations of Liability and Indemnification Matters***

For a discussion of liability and indemnification, see "Executive and Director Compensation—Limitations of Liability and Indemnification Matters."



## SHARES ELIGIBLE FOR FUTURE SALE

Immediately prior to this offering, there was no public market for our common stock. Future sales of substantial amounts of common stock in the public market, or the perception that such sales may occur, could adversely affect the market price of our common stock. Although we have applied to have our common stock listed on the Nasdaq Global Select Market, we cannot assure you that there will be an active public market for our common stock.

Based on the number of shares of our common stock outstanding as of September 30, 2018, and assuming (1) the issuance of \_\_\_\_\_ shares in this offering, (2) the automatic conversion of all outstanding shares of our convertible preferred stock into \_\_\_\_\_ shares of our common stock, which will occur automatically immediately prior to the closing of the offering, (3) no exercise of the underwriters' option to purchase additional shares of common stock and (4) no exercise of outstanding options, we will have outstanding an aggregate of approximately \_\_\_\_\_ shares of common stock.

Of these shares, all shares sold in this offering will be freely tradable without restriction or further registration under the Securities Act, except for any shares purchased by our "affiliates," as that term is defined in Rule 144 under the Securities Act. Shares purchased by our affiliates would be subject to the Rule 144 resale restrictions described below, other than the holding period requirement.

The remaining \_\_\_\_\_ shares of common stock will be "restricted securities," as that term is defined in Rule 144 under the Securities Act. These restricted securities are eligible for public sale only if they are registered under the Securities Act or if they qualify for an exemption from registration under Rule 144 or 701 under the Securities Act, each of which is summarized below. We expect that substantially all of these shares will be subject to the 180-day lock-up period under the lock-up agreements described below.

In addition, of the 9,469,500 shares of our common stock that were subject to stock options outstanding as of September 30, 2018, options to purchase 155,833 of such shares of common stock were vested as of such date and, upon exercise, these shares will be eligible for sale subject to the lock-up agreements described below and Rules 144 and 701 under the Securities Act.

### Lock-Up Agreements

We, along with our directors, executive officers and substantially all of our other stockholders and optionholders, have agreed with the underwriters that for a period of 180 days, after the date of this prospectus, subject to specified exceptions, we or they will not offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to sale of, or otherwise dispose of or transfer any shares of common stock or any securities convertible into or exercisable or exchangeable for shares of common stock, request or demand that we file a registration statement related to our common stock or enter into any swap or other agreement that transfers to another, in whole or in part, directly or indirectly, the economic consequence of ownership of the common stock. Such exceptions include the ability of certain of our executive officers to sell up to \$ \_\_\_\_\_ of shares of common stock to satisfy certain tax liabilities related to their previous acquisition of shares. Upon expiration of the lock-up period, certain of our stockholders will have the right to require us to register their shares under the Securities Act. See "—Registration Rights" below and "Description of Capital Stock—Registration Rights."

Merrill Lynch, Pierce, Fenner & Smith Incorporated, Leerink Partners LLC and Barclays Capital Inc. may, in their sole discretion and at any time or from time to time before the termination of the lock-up period, in certain cases without public notice, release all or any portion of the securities subject to lock-up agreements. There are no existing agreements between the underwriters and any of our stockholders who will execute a lock-up agreement providing consent to the sale of shares prior to the expiration of the lock-up period.

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Upon the expiration of the lock-up period, substantially all of the shares subject to such lock-up restrictions will become eligible for sale, subject to the limitations discussed above.

### **Rule 10b5-1 Trading Plans**

Following the completion of this offering, certain of our officers, directors and significant stockholders may adopt written plans, known as Rule 10b5-1 trading plans, in which they will contract with a broker to buy or sell shares of our common stock on a periodic basis to diversify their assets and investments. Under these 10b5-1 trading plans, a broker may execute trades pursuant to parameters established by the officer, director or stockholder when entering into the plan, without further direction from such officer, director or stockholder. Such sales would not commence until the expiration of the applicable lock-up agreements entered into by such officer, director or stockholder in connection with this offering.

### **Rule 144**

#### ***Affiliate Resales of Restricted Securities***

In general, beginning 90 days after the effective date of the registration statement of which this prospectus is a part, a person who is an affiliate of ours, or who was an affiliate at any time during the 90 days before a sale, who has beneficially owned shares of our common stock for at least six months would be entitled to sell in “broker’s transactions” or certain “riskless principal transactions” or to market makers, a number of shares within any three-month period that does not exceed the greater of:

- 1% of the number of shares of our common stock then outstanding, which will equal approximately \_\_\_\_\_ shares immediately after this offering; or
- the average weekly trading volume in our common stock on the Nasdaq Global Select Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Affiliate resales under Rule 144 are also subject to the availability of current public information about us. In addition, if the number of shares being sold under Rule 144 by an affiliate during any three-month period exceeds 5,000 shares or has an aggregate sale price in excess of \$50,000, the seller must file a notice on Form 144 with the SEC and the Nasdaq Global Select Market concurrently with either the placing of a sale order with the broker or the execution of a sale directly with a market maker.

#### ***Non-Affiliate Resales of Restricted Securities***

In general, beginning 90 days after the effective date of the registration statement of which this prospectus is a part, a person who is not an affiliate of ours at the time of sale, and has not been an affiliate at any time during the three months preceding a sale, and who has beneficially owned shares of our common stock for at least six months but less than a year, is entitled to sell such shares subject only to the availability of current public information about us. If such person has held our shares for at least one year, such person can resell under Rule 144(b)(1) without regard to any Rule 144 restrictions, including the 90-day public company requirement and the current public information requirement.

Non-affiliate resales are not subject to the manner of sale, volume limitation or notice filing provisions of Rule 144.

### **Rule 701**

In general, under Rule 701, any of an issuer’s employees, directors, officers, consultants or advisors who purchases shares from the issuer in connection with a compensatory stock or option plan or other written

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agreement before the effective date of a registration statement under the Securities Act is entitled to sell such shares 90 days after such effective date in reliance on Rule 144. An affiliate of the issuer can resell shares in reliance on Rule 144 without having to comply with the holding period requirement, and non-affiliates of the issuer can resell shares in reliance on Rule 144 without having to comply with the current public information and holding period requirements.

### **Equity Plans**

We intend to file one or more registration statements on Form S-8 under the Securities Act to register all shares of common stock subject to outstanding stock options and common stock issued or issuable under our equity incentive plans and employee stock purchase plan. We expect to file the registration statement covering shares offered pursuant to these stock plans shortly after the date of this prospectus, permitting the resale of such shares by non-affiliates in the public market without restriction under the Securities Act and the sale by affiliates in the public market subject to compliance with the resale provisions of Rule 144.

### **Registration Rights**

As of September 30, 2018, upon the closing of this offering holders of \_\_\_\_\_ shares of our common stock, which includes all of the shares of common stock issuable upon the automatic conversion of our convertible preferred stock immediately prior to the closing of this offering, or their transferees will be entitled to various rights with respect to the registration of these shares under the Securities Act upon the closing of this offering. Registration of these shares under the Securities Act would result in these shares becoming fully tradable without restriction under the Securities Act immediately upon the effectiveness of the registration, except for shares purchased by affiliates. See “Description of Capital Stock—Registration Rights” for additional information. Shares covered by a registration statement will be eligible for sale in the public market upon the expiration or release from the terms of the lock-up agreement.

## MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following discussion is a summary of the material U.S. federal income tax consequences to Non-U.S. Holders (as defined below) of the purchase, ownership and disposition of our common stock issued pursuant to this offering, but does not purport to be a complete analysis of all potential tax effects. The effects of other U.S. federal tax laws, such as estate and gift tax laws, and any applicable state, local or non-U.S. tax laws are not discussed. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended, or the Code, Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the U.S. Internal Revenue Service, or the IRS, in each case in effect as of the date hereof. These authorities may change or be subject to differing interpretations. Any such change or differing interpretation may be applied retroactively in a manner that could adversely affect a Non-U.S. Holder of our common stock. We have not sought and will not seek any rulings from the IRS regarding the matters discussed below. There can be no assurance the IRS or a court will not take a contrary position to that discussed below regarding the tax consequences of the purchase, ownership and disposition of our common stock.

This discussion is limited to Non-U.S. Holders that hold our common stock as a “capital asset” within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all U.S. federal income tax consequences relevant to a Non-U.S. Holder’s particular circumstances, including the impact of the alternative minimum tax or the Medicare contribution tax on net investment income. In addition, it does not address consequences relevant to Non-U.S. Holders subject to special rules, including, without limitation:

- U.S. expatriates and former citizens or long-term residents of the United States;
- persons holding our common stock as part of a hedge, straddle or other risk reduction strategy or as part of a conversion transaction or other integrated investment;
- banks, insurance companies, and other financial institutions;
- brokers, dealers or traders in securities;
- “controlled foreign corporations,” “passive foreign investment companies,” and corporations that accumulate earnings to avoid U.S. federal income tax;
- partnerships or other entities or arrangements treated as partnerships for U.S. federal income tax purposes (and investors therein);
- tax-exempt organizations or governmental organizations;
- persons deemed to sell our common stock under the constructive sale provisions of the Code;
- persons who hold or receive our common stock pursuant to the exercise of any employee stock option or otherwise as compensation;
- persons subject to special tax accounting rules as a result of any item of gross income with respect to our common stock being taken into account in an “applicable financial statement” (as defined in the Code);
- tax-qualified retirement plans; and
- “qualified foreign pension funds” as defined in Section 897(l)(2) of the Code and entities all of the interests of which are held by qualified foreign pension funds.

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If an entity treated as a partnership for U.S. federal income tax purposes holds our common stock, the tax treatment of a partner in the partnership will depend on the status of the partner, the activities of the partnership and certain determinations made at the partner level. Accordingly, partnerships holding our common stock and the partners in such partnerships should consult their tax advisors regarding the U.S. federal income tax consequences to them.

**THIS DISCUSSION IS FOR INFORMATION PURPOSES ONLY AND IS NOT TAX ADVICE. INVESTORS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR COMMON STOCK ARISING UNDER THE U.S. FEDERAL ESTATE OR GIFT TAX LAWS OR UNDER THE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAXING JURISDICTION OR UNDER ANY APPLICABLE INCOME TAX TREATY.**

### **Definition of a Non-U.S. Holder**

For purposes of this discussion, a “Non-U.S. Holder” is any beneficial owner of our common stock that is neither a “U.S. person” nor an entity treated as a partnership for U.S. federal income tax purposes. A U.S. person is any person that, for U.S. federal income tax purposes, is or is treated as any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized under the laws of the United States, any state thereof, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust that (1) is subject to the primary supervision of a U.S. court and the control of one or more “United States persons” (within the meaning of Section 7701(a)(30) of the Code), or (2) has a valid election in effect to be treated as a United States person for U.S. federal income tax purposes.

### **Distributions**

As described in the section entitled “Dividend Policy,” we do not anticipate declaring or paying dividends to holders of our common stock in the foreseeable future. However, if we do make distributions of cash or property on our common stock, such distributions will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Amounts not treated as dividends for U.S. federal income tax purposes will constitute a return of capital and first be applied against and reduce a Non-U.S. Holder’s adjusted tax basis in its common stock, but not below zero. Any excess will be treated as capital gain and will be treated as described below under “—Sale or Other Taxable Disposition.”

Subject to the discussion below on effectively connected income, dividends paid to a Non-U.S. Holder of our common stock will be subject to U.S. federal withholding tax at a rate of 30% of the gross amount of the dividends (or such lower rate specified by an applicable income tax treaty, provided the Non-U.S. Holder furnishes a valid IRS Form W-8BEN or W-8BEN-E (or other applicable documentation) certifying qualification for the lower treaty rate). If a Non-U.S. Holder holds the stock through a financial institution or other agent acting on the Non-U.S. Holder’s behalf, the Non-U.S. Holder will be required to provide appropriate documentation to the agent, who then will be required to provide certification to the applicable withholding agent, either directly or through other intermediaries. A Non-U.S. Holder that does not timely furnish the required documentation, but that qualifies for a reduced treaty rate, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. Holders should consult their tax advisors regarding their entitlement to benefits under any applicable income tax treaty.

If dividends paid to a Non-U.S. Holder are effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the Non-U.S. Holder maintains a permanent establishment in the United States to which such dividends are attributable), the Non-U.S. Holder will be exempt from the U.S. federal withholding tax described above. To claim the exemption, the Non-U.S. Holder must furnish to the applicable withholding agent a valid IRS Form W-8ECI, certifying that the dividends are effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States.

Any such effectively connected dividends will be subject to U.S. federal income tax on a net income basis at the regular graduated rates. A Non-U.S. Holder that is a corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on such effectively connected dividends, as adjusted for certain items. Non-U.S. Holders should consult their tax advisors regarding any applicable tax treaties that may provide for different rules.

### **Sale or Other Taxable Disposition**

A Non-U.S. Holder will not be subject to U.S. federal income tax on any gain realized upon the sale or other taxable disposition of our common stock unless:

- the gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the Non-U.S. Holder maintains a permanent establishment in the United States to which such gain is attributable);
- the Non-U.S. Holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the disposition and certain other requirements are met; or
- our common stock constitutes a U.S. real property interest, orUSRPI, by reason of our status as a U.S. real property holding corporation, orUSRPHC, for U.S. federal income tax purposes.

Gain described in the first bullet point above generally will be subject to U.S. federal income tax on a net income basis at the regular graduated rates. A Non-U.S. Holder that is a corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on such effectively connected gain, as adjusted for certain items.

Gain described in the second bullet point above will be subject to U.S. federal income tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty), which may be offset by U.S. source capital losses of the Non-U.S. Holder (even though the Non-U.S. Holder is not considered a resident of the United States), provided the Non-U.S. Holder has timely filed U.S. federal income tax returns with respect to such losses.

With respect to the third bullet point above, we believe we currently are not, and do not anticipate becoming, a USRPHC. Because the determination of whether we are a USRPHC depends, however, on the fair market value of our USRPIs relative to the fair market value of our non-U.S. real property interests and our other business assets, there can be no assurance we currently are not a USRPHC or will not become one in the future. Even if we are or were to become a USRPHC, gain arising from the sale or other taxable disposition by a Non-U.S. Holder of our common stock will not be subject to U.S. federal income tax if our common stock is "regularly traded," as defined by applicable Treasury Regulations, on an established securities market, and such Non-U.S. Holder owned, actually or constructively, 5% or less of our common stock throughout the shorter of the five-year period ending on the date of the sale or other taxable disposition or the Non-U.S. Holder's holding period.

Non-U.S. Holders should consult their tax advisors regarding potentially applicable income tax treaties that may provide for different rules.

## **Information Reporting and Backup Withholding**

Payments of dividends on our common stock will not be subject to backup withholding, provided the applicable withholding agent does not have actual knowledge or reason to know the holder is a United States person and the holder either certifies its non-U.S. status, such as by furnishing a valid IRS Form W-8BEN, W-8BEN-E or W-8ECI, or otherwise establishes an exemption. However, information returns are required to be filed with the IRS in connection with any dividends on our common stock paid to the Non-U.S. Holder, regardless of whether any tax was actually withheld. In addition, proceeds of the sale or other taxable disposition of our common stock within the United States or conducted through certain U.S.-related brokers generally will not be subject to backup withholding or information reporting, if the applicable withholding agent receives the certification described above and does not have actual knowledge or reason to know that such holder is a United States person, or the holder otherwise establishes an exemption. Proceeds of a disposition of our common stock conducted through a non-U.S. office of a non-U.S. broker generally will not be subject to backup withholding or information reporting.

Copies of information returns that are filed with the IRS may also be made available under the provisions of an applicable treaty or agreement to the tax authorities of the country in which the Non-U.S. Holder resides or is established.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a Non-U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

## **Additional Withholding Tax on Payments Made to Foreign Accounts**

Withholding taxes may be imposed under Sections 1471 to 1474 of the Code (such Sections are commonly referred to as the Foreign Account Tax Compliance Act, or FATCA) on certain types of payments made to non-U.S. financial institutions and certain other non-U.S. entities. Specifically, a 30% withholding tax may be imposed on dividends on, or subject to the proposed Treasury Regulations discussed below, gross proceeds from the sale or other disposition of, our common stock paid to a "foreign financial institution" or a "non-financial foreign entity" (each as defined in the Code), unless (1) the foreign financial institution undertakes certain diligence and reporting obligations, (2) the non-financial foreign entity either certifies it does not have any "substantial United States owners" (as defined in the Code) or furnishes identifying information regarding each substantial United States owner, or (3) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in clause (1) above, it must enter into an agreement with the U.S. Department of the Treasury requiring, among other things, that it undertake to identify accounts held by certain "specified United States persons" or "United States owned foreign entities" (each as defined in the Code), annually report certain information about such accounts, and withhold 30% on certain payments to non-compliant foreign financial institutions and certain other account holders. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules.

Under the applicable Treasury Regulations and administrative guidance, withholding under FATCA generally applies to payments of dividends on our common stock. While withholding under FATCA would also have applied to payments of gross proceeds from the sale or other disposition of stock on or after January 1, 2019, recently proposed Treasury Regulations eliminate FATCA withholding on payments of gross proceeds entirely. Taxpayers generally may rely on these proposed Treasury Regulations until final Treasury Regulations are issued.

Prospective investors should consult their tax advisors regarding the potential application of withholding under FATCA to their investment in our common stock.

## UNDERWRITING

Merrill Lynch, Pierce, Fenner & Smith Incorporated, Leerink Partners LLC, Barclays Capital Inc. and Evercore Group L.L.C. are acting as representatives of each of the underwriters named below. Subject to the terms and conditions set forth in an underwriting agreement among us and the underwriters, we have agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from us, the number of shares of common stock set forth opposite its name below.

<u>Underwriter</u>	<u>Number of Shares</u>
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Leerink Partners LLC	
Barclays Capital Inc.	
Evercore Group L.L.C.	
Total	

Subject to the terms and conditions set forth in the underwriting agreement, the underwriters have agreed, severally and not jointly, to purchase all of the shares sold under the underwriting agreement if any of these shares are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the underwriting agreement may be terminated.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the shares, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officers' certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

### Commissions and Discounts

The representatives have advised us that the underwriters propose initially to offer the shares to the public at the public offering price set forth on the cover page of this prospectus and to dealers at that price less a concession not in excess of \$ \_\_\_\_\_ per share. After the initial offering, the public offering price, concession or any other term of the offering may be changed.

The following table shows the public offering price, underwriting discount and proceeds before expenses to us. The information assumes either no exercise or full exercise by the underwriters of their option to purchase additional shares.

	<u>Per Share</u>	<u>Without Option</u>	<u>With Option</u>
Public offering price	\$	\$	\$
Underwriting discount	\$	\$	\$
Proceeds, before expenses, to us	\$	\$	\$

The expenses of the offering, not including the underwriting discount, payable by us are estimated to be approximately \$ \_\_\_\_\_. We have also agreed to reimburse the underwriters for certain of their expenses incurred in connection with, among others, the review and clearance by the Financial Industry Regulatory Authority, Inc. in an amount of up to \$ \_\_\_\_\_.



### **Option to Purchase Additional Shares**

We have granted an option to the underwriters, exercisable for 30 days after the date of this prospectus, to purchase up to \_\_\_\_\_ additional shares at the public offering price, less the underwriting discount. If the underwriters exercise this option, each will be obligated, subject to conditions contained in the underwriting agreement, to purchase a number of additional shares proportionate to that underwriter's initial amount reflected in the above table.

### **Directed Share Program**

At our request, the underwriters have reserved for sale, at the initial public offering price, up to 5% of the shares offered hereby for our directors, officers, employees, business associates and related persons who have expressed an interest in purchasing common stock in the offering. The number of shares available for sale to the general public in the offering will be reduced to the extent these persons purchase the reserved shares. Any reserved shares not so purchased will be offered by the underwriters to the general public on the same terms as the other shares.

### **No Sales of Similar Securities**

We, our executive officers and directors and our other existing security holders have agreed not to sell or transfer any common stock or securities convertible into, exchangeable for, exercisable for, or repayable with common stock, for 180 days after the date of this prospectus without first obtaining the written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated, Leerink Partners LLC and Barclays Capital Inc. Specifically, we and these other persons have agreed, with certain limited exceptions, not to directly or indirectly:

- offer, pledge, sell or contract to sell any common stock,
- sell any option or contract to purchase any common stock,
- purchase any option or contract to sell any common stock,
- grant any option, right or warrant for the sale of any common stock,
- lend or otherwise dispose of or transfer any common stock,
- request or demand that we file or make a confidential submission of a registration statement related to the common stock, or
- enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any common stock whether any such swap or transaction is to be settled by delivery of shares or other securities, in cash or otherwise.

The lock-up exceptions, among others, include the ability of certain of our executive officers to sell up to \$ \_\_\_\_\_ of shares of common stock to satisfy certain tax liabilities related to their previous acquisition of shares. This lock-up provision applies to common stock and to securities convertible into or exchangeable or exercisable for or repayable with common stock. It also applies to common stock owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition.

### **Nasdaq Global Select Market Listing**

We have applied to list the shares of our common stock on the Nasdaq Global Select Market under the symbol "GOSS."

### **Determination of Offering Price**

Before this offering, there has been no public market for our common stock. The initial public offering price will be determined through negotiations between us and the representatives. In addition to prevailing market conditions, the factors to be considered in determining the initial public offering price are

- the valuation multiples of publicly traded companies that the representatives believe to be comparable to us,

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- our financial information,
- the history of, and the prospects for, our company and the industry in which we compete,
- an assessment of our management, its past and present operations, and the prospects for, and timing of, our future revenues,
- the present state of our development,
- the likelihood of approval for our product candidates, and
- the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to ours.

An active trading market for the shares may not develop. It is also possible that after the offering the shares will not trade in the public market at or above the initial public offering price.

The underwriters do not expect to sell more than 5% of the shares in the aggregate to accounts over which they exercise discretionary authority.

### **Price Stabilization, Short Positions and Penalty Bids**

Until the distribution of the shares is completed, SEC rules may limit underwriters and selling group members from bidding for and purchasing our common stock. However, the representatives may engage in transactions that stabilize the price of the common stock, such as bids or purchases to peg, fix or maintain that price.

In connection with the offering, the underwriters may purchase and sell our common stock in the open market. These transactions may include short sales, purchases on the open market to cover positions created by short sales and stabilizing transactions. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering. "Covered" short sales are sales made in an amount not greater than the underwriters' option to purchase additional shares described above. The underwriters may close out any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the option granted to them. "Naked" short sales are sales in excess of such option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of our common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of shares of common stock made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Similar to other purchase transactions, the underwriters' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of our common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market. The underwriters may conduct these transactions on the Nasdaq Global Select Market, in the over-the-counter market or otherwise.

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Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our common stock. In addition, neither we nor any of the underwriters make any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

### **Electronic Distribution**

In connection with the offering, certain of the underwriters or securities dealers may distribute prospectuses by electronic means, such as e-mail.

### **Other Relationships**

Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Affiliates of Leerink Partners LLC purchased 699,475 shares of our Series B convertible preferred stock in our July 2018 Series B convertible preferred stock financing.

### **European Economic Area**

In relation to each member state of the European Economic Area, no offer of shares which are the subject of the offering has been, or will be made to the public in that Member State, other than under the following exemptions under the Prospectus Directive:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the representatives for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

*provided* that no such offer of shares referred to in (a) to (c) above shall result in a requirement for the Company or the representatives to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

Each person located in a Member State to whom any offer of shares is made or who receives any communication in respect of an offer of shares, or who initially acquires any shares will be deemed to have represented, warranted, acknowledged and agreed to and with the representatives and the Company that (1) it is a “qualified investor” within the meaning of the law in that Member State implementing Article 2(1)(e) of the Prospectus Directive; and (2) in the case of any shares acquired by it as a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, the shares acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Member State other

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than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the representatives has been given to the offer or resale; or where shares have been acquired by it on behalf of persons in any Member State other than qualified investors, the offer of those shares to it is not treated under the Prospectus Directive as having been made to such persons.

The Company, the representatives and their respective affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgments and agreements.

This prospectus has been prepared on the basis that any offer of shares in any Member State will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of shares. Accordingly any person making or intending to make an offer in that Member State of shares which are the subject of the offering contemplated in this prospectus may only do so in circumstances in which no obligation arises for the Company or the representatives to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither the Company nor the representatives have authorized, nor do they authorize, the making of any offer of shares in circumstances in which an obligation arises for the Company or the representatives to publish a prospectus for such offer.

For the purposes of this provision, the expression an “offer of shares to the public” in relation to any shares in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe the shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “Prospectus Directive” means Directive 2003/71/EC (as amended) and includes any relevant implementing measure in each Member State.

The above selling restriction is in addition to any other selling restrictions set out below.

### **Notice to Prospective Investors in the United Kingdom**

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are “qualified investors” (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, or the Order, and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

### **Notice to Prospective Investors in Switzerland**

The shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange, or SIX, or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, the Company, the shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market Supervisory Authority, and the offer of shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes, or CISA. The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

### **Notice to Prospective Investors in the Dubai International Financial Centre**

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority, or DFSA. This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus. The shares to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

### **Notice to Prospective Investors in Australia**

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission, or ASIC, in relation to the offering. This prospectus does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001, or the Corporations Act, and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the shares may only be made to persons (the “Exempt Investors”) who are “sophisticated investors” (within the meaning of section 708(8) of the Corporations Act), “professional investors” (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the shares without disclosure to investors under Chapter 6D of the Corporations Act.

The shares applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring shares must observe such Australian on-sale restrictions.

This prospectus contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

### **Notice to Prospective Investors in Hong Kong**

The shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the shares has been or may be issued or has been or may be in the possession of any person for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

### **Notice to Prospective Investors in Japan**

The shares have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, will not be offered or sold, directly or indirectly, in Japan, or for the benefit of any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person, except in compliance with all applicable laws, regulations and ministerial guidelines promulgated by relevant Japanese governmental or regulatory authorities in effect at the relevant time. For the purposes of this paragraph, “Japanese Person” shall mean any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

### **Notice to Prospective Investors in Singapore**

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares pursuant to an offer made under Section 275 of the SFA except:

- to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- where no consideration is or will be given for the transfer;
- where the transfer is by operation of law;
- as specified in Section 276(7) of the SFA; or
- as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Solely for the purposes of its obligations pursuant to Section 309B of the SFA, we have determined, and hereby notify all relevant persons (as defined in the CMP Regulations 2018), that the shares are “prescribed capital markets products” (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

## **Notice to Prospective Investors in Canada**

The shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 *Underwriting Conflicts* (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

## LEGAL MATTERS

The validity of the shares of common stock offered hereby will be passed upon for us by Latham & Watkins LLP, San Diego, California. Latham & Watkins LLP and certain attorneys and investment funds affiliated with the firm collectively own an aggregate of 57,150 shares of our convertible preferred stock, which will convert into an aggregate of 57,150 shares of our common stock upon the completion of this offering. The underwriters are being represented by Cooley LLP, San Diego, California.

## EXPERTS

Ernst & Young LLP, independent registered public accounting firm, has audited our consolidated financial statements at December 31, 2016 and 2017, and for the years then ended, as set forth in their report. We have included our consolidated financial statements in the prospectus and elsewhere in the registration statement in reliance on Ernst & Young LLP's report, given on their authority as experts in accounting and auditing.

## WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of common stock offered hereby. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules filed therewith. For further information about us and the common stock offered hereby, we refer you to the registration statement and the exhibits and schedules filed thereto. Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and each such statement is qualified in all respects by reference to the full text of such contract or other document filed as an exhibit to the registration statement. Upon the closing of this offering, we will be required to file periodic reports, proxy statements and other information with the SEC pursuant to the Exchange Act. You may read and copy this information at the Public Reference Room of the SEC, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You may obtain information on the operation of the public reference rooms by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet website that contains reports, proxy statements and other information about registrants, like us, that file electronically with the SEC. The address of that site is [www.sec.gov](http://www.sec.gov).

Upon the completion of this offering, we will become subject to the information and periodic reporting requirements of the Exchange Act and, in accordance therewith, will file periodic reports, proxy statements and other information with the SEC. Such periodic reports, proxy statements and other information will be available for inspection and copying at the public reference room and website of the SEC referred to above. We maintain a website at [www.gossamerbio.com](http://www.gossamerbio.com). Upon the completion of this offering, you may access our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act with the SEC free of charge at our website as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. The reference to our website address does not constitute incorporation by reference of the information contained on our website, and you should not consider the contents of our website in making an investment decision with respect to our common stock.



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## Report of Independent Registered Public Accounting Firm

To the Stockholders' and the Board of Directors of Gossamer Bio, Inc.

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Gossamer Bio, Inc. (the Company) as of December 31, 2016 and 2017, the related consolidated statements of operations, comprehensive loss, convertible preferred stock and stockholders' deficit and cash flows for the years then ended, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2016 and 2017, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

### Basis for Opinion

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

We conducted our audits in accordance with the 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. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2018.

San Diego, California  
October 11, 2018

**GOSSAMER BIO, INC.**  
**Consolidated Balance Sheets**  
(in thousands, except share and par value amounts)

	<u>December 31,</u>		<u>September 30,</u>	<u>Pro Forma</u>
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>September 30,</u>
			<u>(unaudited)</u>	<u>2018</u>
				<u>(unaudited)</u>
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 60	\$ 315	\$ 141,067	
Marketable securities	—	—	115,376	
Restricted cash	—	—	200	
Prepaid expenses and other current assets	—	130	1,708	
<b>Total current assets</b>	<b>60</b>	<b>445</b>	<b>258,351</b>	
Property and equipment, net	—	—	3,007	
Other assets	—	—	823	
<b>Total assets</b>	<b>\$ 60</b>	<b>\$ 445</b>	<b>\$ 262,181</b>	
<b>LIABILITIES, CONVERTIBLE PREFERRED STOCK, AND STOCKHOLDERS' DEFICIT</b>				
Current liabilities				
Accounts payable	\$ 40	\$ 97	\$ 3,622	
Accrued expenses	103	926	3,413	
Accrued research and development expenses	—	126	7,904	
Accrued interest—short-term	—	117	—	
<b>Total current liabilities</b>	<b>143</b>	<b>1,266</b>	<b>14,939</b>	
Note payable to related parties	40	40	—	
Convertible note payable	—	6,000	—	
Accrued expenses—long-term	—	1	653	
<b>Total liabilities</b>	<b>183</b>	<b>7,307</b>	<b>15,592</b>	
<b>Commitments and contingencies—Note 10</b>				
Series Seed convertible preferred stock, \$0.0001 par value; 0 shares authorized as of December 31, 2016 and 2017 and 20,000,000 shares authorized as of September 30, 2018 (unaudited); 0 shares issued and outstanding as of December 31, 2016 and 2017 and 20,000,000 shares issued and outstanding as of September 30, 2018 (unaudited); liquidation preference of \$20,000 as of September 30, 2018 (unaudited); no shares issued and outstanding, pro forma (unaudited)	—	—	29,200	\$ —
Series A convertible preferred stock, \$0.0001 par value; 0 shares authorized as of December 31, 2016 and 2017 and 45,714,286 shares authorized as of September 30, 2018 (unaudited); 0 shares issued and outstanding as of December 31, 2016 and 2017 and 45,714,286 shares issued and outstanding as of September 30, 2018 (unaudited); liquidation preference of \$80,000 as of September 30, 2018 (unaudited); no shares issued and outstanding, pro forma (unaudited)	—	—	79,615	—
Series B convertible preferred stock, \$0.0001 par value; 0 shares authorized as of December 31, 2016 and 2017 and 71,506,513 shares authorized as of September 30, 2018 (unaudited); 0 shares issued and outstanding as of December 31, 2016 and 2017 and 71,506,513 shares issued and outstanding as of September 30, 2018 (unaudited); liquidation preference of \$230,000, as of September 30, 2018; no shares issued and outstanding, pro forma (unaudited)	—	—	229,552	—
<b>Stockholders' deficit</b>				
Common stock, \$0.0001 par value; 41,224,000, 125,000,000, and 221,220,799 shares authorized as of December 31, 2016, December 31, 2017 and September 30, 2018 (unaudited); 41,224,000 shares issued and outstanding as of December 31, 2016 and 2017 and 69,900,556 shares issued and 34,802,318 shares outstanding as of September 30, 2018 (unaudited); 207,121,355 shares issued and 172,023,117 outstanding, pro forma (unaudited)	—	—	2	14
Additional paid-in capital	—	32	23,054	361,409
Accumulated deficit	(123)	(6,894)	(115,069)	(115,069)
Accumulated other comprehensive income	—	—	235	235
<b>Total stockholders' equity (deficit)</b>	<b>(123)</b>	<b>(6,862)</b>	<b>(91,778)</b>	<b>246,589</b>
<b>Total liabilities, convertible preferred stock and stockholders' deficit</b>	<b>\$ 60</b>	<b>\$ 445</b>	<b>\$ 262,181</b>	

The accompanying notes are an integral part of these consolidated financial statements.

**GOSSAMER BIO, INC.**  
**Consolidated Statements of Operations**  
(in thousands, except share and per share amounts)

	<u>Year Ended December 31,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2016</u>	<u>2017</u>	<u>2017</u>	<u>2018</u>
	(unaudited)			
<b>Operating expenses:</b>				
Research and development	\$ —	\$ 891	\$ 216	\$ 29,411
In process research and development	—	5,500	—	49,659
General and administrative	83	262	105	30,116
<b>Total operating expense</b>	<u>83</u>	<u>6,653</u>	<u>321</u>	<u>109,186</u>
<b>Loss from operations</b>	<u>(83)</u>	<u>(6,653)</u>	<u>(321)</u>	<u>(109,186)</u>
<b>Other income (expense)</b>				
Interest income	—	—	—	1,022
Interest expense	—	(118)	—	(8)
Other expense	—	—	—	(3)
<b>Total other income (expense), net</b>	<u>—</u>	<u>(118)</u>	<u>—</u>	<u>1,011</u>
<b>Net loss</b>	<u>\$ (83)</u>	<u>\$ (6,771)</u>	<u>\$ (321)</u>	<u>\$ (108,175)</u>
Net loss per share, basic and diluted	<u>\$ (0.00)</u>	<u>\$ (0.16)</u>	<u>\$ (0.01)</u>	<u>\$ (3.92)</u>
Weighted-average shares outstanding, basic and diluted	<u>41,224,000</u>	<u>41,224,000</u>	<u>41,224,000</u>	<u>27,602,600</u>
Pro forma net loss per share, basic and diluted (unaudited)		<u>\$ (0.16)</u>		<u>\$ (0.97)</u>
Pro forma weighted-average shares outstanding, basic and diluted (unaudited)		<u>41,224,000</u>		<u>111,740,879</u>

The accompanying notes are an integral part of these consolidated financial statements.

**GOSSAMER BIO, INC.**  
**Consolidated Statements of Comprehensive Loss**  
**(in thousands)**

	<u>Year Ended December 31,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2016</u>	<u>2017</u>	<u>2017</u>	<u>2018</u>
<b>Net loss</b>	\$ (83)	\$ (6,771)	\$ (321)	\$ (108,175)
Other comprehensive income:			(unaudited)	
Unrealized gain on marketable securities, net of tax	—	—	—	235
Other comprehensive income	—	—	—	235
<b>Comprehensive loss</b>	<u>\$ (83)</u>	<u>\$ (6,771)</u>	<u>\$ (321)</u>	<u>\$ (107,940)</u>

The accompanying notes are an integral part of these consolidated financial statements.

**GOSSAMER BIO, INC.**  
**Consolidated Statements of Convertible Preferred Stock and Stockholders' Deficit**  
(in thousands, except share amounts)

	Series Seed Convertible Preferred Stock		Series A Convertible Preferred Stock		Series B Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
<b>Balance as of December 31, 2015</b>	—	\$ —	—	\$ —	—	\$ —	41,224,000	\$ —	\$ —	\$ (40)	\$ —	\$ (40)
Net loss	—	—	—	—	—	—	—	—	—	(83)	—	(83)
<b>Balance as of December 31, 2016</b>	—	\$ —	—	\$ —	—	\$ —	41,224,000	\$ —	\$ —	\$ (123)	\$ —	\$ (123)
Stock-based compensation	—	—	—	—	—	—	—	—	32	—	—	32
Net loss	—	—	—	—	—	—	—	—	—	(6,771)	—	(6,771)
<b>Balance as of December 31, 2017</b>	—	\$ —	—	\$ —	—	\$ —	41,224,000	\$ —	\$ 32	\$ (6,894)	\$ —	\$ (6,862)
Issuance of Series A convertible preferred stock for cash, net of \$400 in offering costs (unaudited)	—	—	42,215,077	73,491	—	—	—	—	—	—	—	—
Issuance of stock for asset acquisitions (unaudited)	20,000,000	29,200	—	—	—	—	4,955,752	1	2,874	—	—	2,875
Issuance of Series A convertible preferred stock to convert debt and accrued interest	—	—	3,499,209	6,124	—	—	—	—	—	—	—	—
Issuance of Series B convertible preferred stock for cash, net of \$500 in offering costs (unaudited)	—	—	—	—	71,506,513	229,552	—	—	—	—	—	—
Vesting of restricted stock (unaudited)	—	—	—	—	—	—	9,234,566	1	—	—	—	1
Incremental vesting conditions placed on previously issued common shares (unaudited)	—	—	—	—	—	—	(20,612,000)	—	—	—	—	—
Stock-based compensation (unaudited)	—	—	—	—	—	—	—	—	20,148	—	—	20,148
Net loss (unaudited)	—	—	—	—	—	—	—	—	—	(108,175)	—	(108,175)
Unrealized gain on marketable securities, net of tax (unaudited)	—	—	—	—	—	—	—	—	—	—	235	235
<b>Balance as of September 30, 2018 (unaudited)</b>	<b>20,000,000</b>	<b>\$ 29,200</b>	<b>45,714,286</b>	<b>\$ 79,615</b>	<b>71,506,513</b>	<b>\$ 229,552</b>	<b>34,802,318</b>	<b>\$ 2</b>	<b>\$ 23,054</b>	<b>\$ (115,069)</b>	<b>\$ 235</b>	<b>\$ (91,778)</b>

The accompanying notes are an integral part of these consolidated financial statements.

**GOSSAMER BIO, INC.**  
**Consolidated Statements of Cash Flows**  
(in thousands)

	Year Ended December 31,		Nine Months Ended September 30,	
	2016	2017	2017	2018
	(unaudited)			
<b>Cash flows from operating activities</b>				
Net loss	\$ (83)	\$ (6,771)	\$ (321)	\$ (108,175)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization	—	—	—	163
Stock-based compensation expense	—	32	(4)	20,148
In process research and development expenses	—	—	—	49,659
Changes in operating assets and liabilities:				
Prepaid expenses and other current assets	—	(130)	—	(1,442)
Accounts payable	—	57	18	3,525
Accrued expenses	103	824	283	3,263
Accrued research and development expenses	—	126	—	7,778
Accrued interest—short-term	—	117	—	(117)
Other Assets	—	—	—	(267)
Security deposits	—	—	—	(556)
Net cash provided by (used in) operating activities	20	(5,745)	(24)	(26,021)
<b>Cash flows from investing activities</b>				
Research and development asset acquisitions, net of cash acquired	—	—	—	(17,721)
Purchase of marketable securities	—	—	—	(115,141)
Purchase of property and equipment	—	—	—	(3,168)
Net cash used in investing activities	—	—	—	(136,030)
<b>Cash flows from financing activities</b>				
Proceeds from issuance of convertible note	—	6,000	—	—
Proceeds from long term note payable	40	—	—	—
Proceeds from issuance of Series A convertible preferred stock, net	—	—	—	73,491
Proceeds from issuance of Series B convertible common stock, net	—	—	—	229,552
Issuance of common stock, net of fees	—	—	4	—
Repayment of notes payable to related parties	—	—	—	(40)
Net cash provided by financing activities	40	6,000	4	303,003
Net increase in cash, cash equivalents and restricted cash	60	255	(20)	140,952
Cash, cash equivalents and restricted cash, at the beginning of the period	—	60	60	315
<b>Cash, cash equivalents and restricted cash, at the end of the period</b>	<b>\$ 60</b>	<b>\$ 315</b>	<b>\$ 40</b>	<b>\$ 141,267</b>
<b>Supplemental disclosure of noncash investing and financing activities:</b>				
Acquisition of in-process research and development through the issuance of stock, net of cash acquired	\$ —	\$ —	\$ —	\$ 19,284
Issuance of Series A convertible preferred stock to convert debt and accrued interest	\$ —	\$ —	\$ —	\$ 6,124
Change in unrealized gain on marketable securities, net of tax	\$ —	\$ —	\$ —	\$ 235

The accompanying notes are an integral part of these consolidated financial statements.

**Gossamer Bio, Inc. Notes to Consolidated Financial Statements**  
**(Information and amounts as of September 30, 2018 and thereafter and for the**  
**nine months ended September 30, 2017 and 2018 is unaudited)**

**Note 1—Organization and Basis of Presentation**

Gossamer Bio, Inc. (the “Company”) is a clinical-stage biopharmaceutical company focused on discovering, acquiring, developing and commercializing therapeutics in the disease areas of immunology, inflammation and oncology. The Company was incorporated in the state of Delaware on October 25, 2015 (originally as FSG Bio, Inc.) and is based in San Diego, California.

The consolidated financial statements include the accounts of Gossamer Bio, Inc. and its wholly owned subsidiaries. All intercompany balances and transactions among the consolidated entity have been eliminated in consolidation.

***Stock Split***

In December 2017, the board of directors of the Company approved a stock split of the Company’s common stock at a ratio of 20,612 shares for every one share previously held. The stock split became effective on January 4, 2018. All share and per share data included in these financial statements reflect the stock split.

***Liquidity and Capital Resources***

The Company has incurred significant operating losses since its inception. As of December 31, 2017, and September 30, 2018, the Company had an accumulated deficit of \$6.9 million and \$115.1 million, respectively.

Since inception, the Company has funded its operations primarily through equity financings. The Company raised \$310.0 million from October 2017 through July 2018 through Series A and Series B Convertible Preferred Stock and convertible note financings. In addition, the Company received \$12.8 million in cash in connection with the January 2018 acquisition of AA Biopharma Inc. The Company expects to continue to incur significant operating losses for the foreseeable future and may never become profitable. As a result, the Company will need to raise capital through equity offerings, debt financings other capital sources, including potential collaborations, licenses and other similar arrangements. Management believes that it has sufficient working capital on hand to fund operations through at least the next twelve months from the date these consolidated financial statements were available to be issued. There can be no assurance that the Company will be successful in acquiring additional funding, that the Company’s projections of its future working capital needs will prove accurate, or that any additional funding would be sufficient to continue operations in future years.

**Note 2—Summary of Significant Accounting Policies**

***Basis of Presentation***

The Company’s consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) and include all adjustments necessary for the fair presentation of the Company’s financial position for the periods presented.

***Use of Estimates***

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



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expenses during the reporting period. The most significant estimates in the Company's consolidated financial statements relate to accrued expenses, the valuation of preferred and common stock, the valuation of stock options and the valuation allowance of deferred tax assets resulting from net operating losses. These estimates and assumptions are based on current facts, historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the recording of expenses that are not readily apparent from other sources. Actual results could differ from those estimates.

### ***Unaudited Interim Financial Information***

The accompanying interim consolidated balance sheet as of September 30, 2018, the consolidated statements of operations and cash flows for the nine months ended September 30, 2017 and 2018 and the consolidated statement of stockholders' deficit for the nine months ended September 30, 2018 and the related consolidated footnote disclosures are unaudited. In management's opinion, the unaudited interim financial statements have been prepared on the same basis as the audited financial statements and include all adjustments, which include only normal recurring adjustments, necessary for the fair presentation of the Company's financial position as of September 30, 2018 and its results of operations and cash flows for the nine months ended September 30, 2017 and 2018 in accordance with GAAP. The results for the nine months ended September 30, 2018 are not necessarily indicative of the results expected for the full fiscal year or any other interim period.

### ***Unaudited Pro Forma Balance Sheet Information***

The unaudited pro forma balance sheet information as of September 30, 2018 assumes the conversion of all outstanding shares of convertible preferred stock into 137,220,799 shares of the Company's common stock immediately prior to completion of the Company's planned initial public offering ("IPO"). Shares of common stock issued in the IPO and any related net proceeds are excluded from the pro forma information.

### ***Segments***

Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision-maker in making decisions regarding resource allocation and assessing performance. The Company views its operations and manages its business in one operating segment.

### ***Cash and Cash Equivalents***

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents are valued at cost, which approximate their fair value.

### ***Marketable Securities***

The Company considers securities with original maturities of greater than 90 days to be marketable securities. These marketable securities consist of U.S. Treasury securities. Marketable securities are recorded at fair value and unrealized gains and losses are recorded within accumulated other comprehensive loss. The estimated fair value of the marketable securities is determined based on quoted market prices or rates for similar instruments. The Company evaluates securities with unrealized losses to determine whether such losses, if any, are other than temporary. Realized gains and losses are calculated using the specific identification method and recorded as interest income or expense. We do not generally intend to sell the investments and it is not more likely than not that we will be required to sell the investments before recovery of their amortized cost bases, which may be at maturity. The Company has determined that there were no other than temporary declines in fair values of its investments as of September 30, 2018. As of September 30, 2018, the Company held U.S. Treasury securities with an amortized cost of \$115.2 million, an unrealized gain of \$326,000, an unrealized loss of \$91,000, a fair market value of \$115.4 million and are scheduled to mature in less than twelve months. As of December 31, 2017, the Company did not hold any marketable securities.

### ***Restricted Cash***

Restricted cash serves as collateral for the Company's corporate credit card program.

### ***Concentrations of Credit Risk and Off-Balance Sheet Risk***

Cash, cash equivalents and marketable securities are financial instruments that are potentially subject to concentrations of credit risk. The Company's cash and cash equivalents are deposited in accounts at large financial institutions, and amounts may exceed federally insured limits. The Company believes it is not exposed to significant credit risk due to the financial strength of the depository institutions in which the cash and cash equivalents are held. The Company maintains its cash equivalents in U.S. Treasury securities with maturities less than three months and in money market funds that invest in U.S. Treasury securities.

The Company's available for sale securities are also invested in U.S. Treasury securities. The Company has not recognized any losses from credit risks on such accounts during any of the periods presented. The Company believes it is not exposed to significant credit risk on its cash, cash equivalents and available for sale securities.

### ***Property and Equipment, Net***

Property and equipment, net, which consists mainly of office equipment and leasehold improvements, are carried at cost less accumulated depreciation. Depreciation is computed over the estimated useful lives of the respective assets, generally three to seven years, using the straight-line method.

### ***Leases***

The Company records rent expense on a straight-line over the term of the lease. The difference between rent payments and straight-line rent expense is recorded as deferred rent.

### ***Research and Development***

All research and development costs are expensed as incurred. Research and development costs consist primarily of salaries, employee benefits, costs associated with preclinical studies and clinical trials (including amounts paid to clinical research organizations and other professional services), in process research and development expenses and license agreement expenses. Payments made prior to the receipt of goods or services to be used in research and development are capitalized until the goods or services are received.

The Company records accruals for estimated research and development costs, comprising payments for work performed by third party contractors, laboratories, participating clinical trial sites, and others. Some of these contractor's bill monthly based on actual services performed, while others bill periodically based upon achieving certain contractual milestones. For the latter, the Company accrues the expenses as goods or services are used or rendered. Clinical trial site costs related to patient enrollment are accrued as patients enter and progress through the trial. Upfront costs, such as costs associated with setting up clinical trial sites for participation in the trials, are expensed immediately once incurred as research and development expenses.

### ***Patent Costs***

Costs related to filing and pursuing patent applications are expensed as incurred, as recoverability of such expenditures is uncertain. These costs are included in general and administrative expenses.

### ***Income Taxes***

Income taxes are recorded in accordance with Financial Accounting Standards Board ("FASB") Standards Codification ("ASC") No. 740, *Income Taxes* ("ASC 740"), which provides for deferred taxes using an

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asset and liability approach. The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Valuation allowances are provided, if based upon the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

The Company accounts for uncertain tax positions in accordance with the provisions of ASC 740. When uncertain tax positions exist, the Company recognizes the tax benefit of tax positions to the extent that the benefit would more likely than not be realized assuming examination by the taxing authority. The determination as to whether the tax benefit will more likely than not be realized is based upon the technical merits of the tax position as well as consideration of the available facts and circumstances.

The provisional impact of the Tax Cuts and Jobs Act (“Tax Act”) is the Company’s current best estimate based on a preliminary review of the new law and is subject to revision based on its existing accounting for income tax policy as further information is gathered, and interpretation and analysis of the tax legislation evolves. The Securities and Exchange Commission has issued rules allowing for a measurement period of up to one year after the enactment date of the Tax Act to finalize the recording of the related tax impacts. Any future changes to the Company’s provisional estimated impact of the Tax Act will be included as an adjustment to the provision for income taxes. Deferred tax assets and liabilities reflect the future tax consequences of the differences between the financial reporting and tax bases of assets and liabilities using current enacted tax rates. Valuation allowances are recorded when the realizability of such deferred tax assets does not meet a more-likely-than-not threshold. For tax benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. The Company is subject to taxation in the United States and state jurisdictions. As of December 31, 2017, the Company’s tax years since inception are subject to examination by taxing authorities.

### ***Stock-Based Compensation***

The Company expenses stock-based compensation to employees and non-employees over the requisite service period based on the estimated grant-date fair value of the awards. The Company records the expense for stock-based compensation awards subject to performance-based milestone vesting over the remaining service period when management determines that achievement of the milestone is probable. Management evaluates when the achievement of a performance-based milestone is probable based on the expected satisfaction of the performance conditions at each reporting date. The Company estimates the fair value of stock option grants using the Black-Scholes option pricing model, and the assumptions used in calculating the fair value of stock-based awards represent management’s best estimates and involve inherent uncertainties and the application of management’s judgment. All share-based compensation costs are recorded in the statements of operations based upon the underlying employees or non-employee’s roles within the Company.

### ***Recent Accounting Pronouncements—To Be Adopted***

In February 2016, the FASB issued Accounting Standards Update (“ASU”) No. 2016-02, *Leases (Topic 842)*, which requires an entity to recognize assets and liabilities arising from a lease for both financing and operating leases, along with additional qualitative and quantitative disclosures. ASU 2016-02 is effective for fiscal periods beginning after December 15, 2018, with early adoption permitted. The Company is required to adopt this new guidance beginning in 2019 using the modified retrospective method and early adoption is permitted. Although the Company is in the early stages of evaluating the impact of adoption of ASU 2016-02 on its financial statements, the Company currently believes the most significant changes will be related to the recognition of lease liabilities on the Company’s consolidated balance sheets for real estate operating leases.

### **Recently Adopted Accounting Pronouncements**

In June 2018, the FASB issued ASU No. 2018-07, *Compensation—Stock Compensation (Topic 718) – Improvements to Nonemployee Share-Based Payment Accounting*. The amendments in ASU 2018-07, expand the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from nonemployees. An entity should apply the requirements of Topic 718 to nonemployee awards for specific guidance on inputs to an option pricing model and the period of time over which share-based payment awards vest and the pattern of cost recognition over that period. The amendments also clarify that Topic 718 does not apply to share-based payments used to effectively provide (i) financing to the issuer or (ii) awards granted in conjunction with selling goods or services to customers as part of a contracted accounted for under Topic 606, *Revenue from Contracts with Customers*. ASU 2018-07 is effective for the Company in January 2020, with early adoptions permitted, but no earlier than the Company's adoption date of Topic 606. The Company has elected to early adopt ASU 2018-07, full retrospective as of January 1, 2017. The Company has no revenues and therefore the adoption of Topic 606 did not have an impact on the Company's financial statements. The adoption of ASU 2018-07 did not have a material impact on its consolidated financial statements and related disclosures, financial position, results of operations or cash flows.

In February 2018, the FASB issued ASU No. 2018-02, *Income Statement—Reporting Comprehensive Income, (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*, which allows a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the newly enacted federal corporate income tax rate under the Tax Act. The amount of the reclassification would be the difference between the historical corporate income tax rate and the newly enacted 21% corporate income tax rate. The new standard is effective for fiscal years, including interim periods within those fiscal years, beginning after December 15, 2018 with early adoption in any interim period permitted. The Company has elected to early adopt ASU 2018-02, as of January 1, 2018. The adoption of ASU 2018-02 did not have a material impact on its consolidated financial statements and related disclosures.

In January 2017, the FASB issued ASU No. 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business*. The amendments in this update clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The definition of a business affects many areas of accounting including acquisitions, disposals, goodwill, and consolidation. The guidance is effective for fiscal periods beginning after December 15, 2017, including interim periods within those periods. The Company adopted ASU 2017-01 starting with the GB002 acquisition, which occurred prior to the effective date of ASU 2017-01 and the financial statement issuance date. The adoption of this guidance did not have a material impact on its consolidated financial statements and related disclosures.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which clarifies the presentation of restricted cash in the statements of cash flows. Under ASU 2016-18, restricted cash is included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statements of cash flows. The Company adopted ASU 2016-18 as of January 1, 2018. Cash, cash equivalents and restricted cash total as presented in the statements of cash flows consist of cash and cash equivalents of \$32.1 million and restricted cash of \$0.2 million.

In March 2016, the FASB issued ASU No. 2016-09, *Stock Compensation Improvements to Employee Share-Based Payment Accounting*, which simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. ASU 2016-09 became effective for the Company on January 1, 2017. The adoption of this guidance did not have a material impact on its consolidated financial statements and related disclosures.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which created a single, principle-based revenue recognition model that will supersede and replace nearly all existing

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U.S. GAAP revenue recognition guidance. Entities will recognize revenue in a manner that depicts the transfer of goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled to receive in exchange for those goods or services. The model provides that entities follow five steps: (i) identify the contract with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations, and (v) recognize revenue. For nonpublic business entities, the guidance becomes effective for annual reporting periods beginning after December 15, 2018. The Company has elected to early adopt ASU 2014-09, as of January 1, 2017, the adoption of this guidance did not have any impact on its consolidated financial statements and related disclosures.

### **Net Loss Per Share**

Basic net loss per share of common stock is computed by dividing net loss attributable to common stockholders by the weighted average number of shares of common stock outstanding for the period. Diluted net loss per share excludes the potential impact of Series Seed Convertible Preferred Stock, Series A Convertible Preferred Stock, and Series B Convertible Preferred Stock, common stock options and unvested shares of restricted stock because their effect would be anti-dilutive due to the Company's net loss. Since the Company had a net loss in each of the periods presented, basic and diluted net loss per common share are the same.

The table below provides potentially dilutive securities not included in the calculation of the diluted net loss per share because to do so would be anti-dilutive:

	<u>December 31,</u>		<u>September 30,</u>	
	<u>2016</u>	<u>2017</u>	<u>2017</u>	<u>2018</u>
Shares issuable upon conversion of Series Seed Convertible Preferred Stock	—	—	—	20,000,000
Shares issuable upon conversion of Series A Convertible Preferred Stock	—	—	—	45,714,286
Shares issuable upon conversion of Series B Convertible Preferred Stock	—	—	—	71,506,513
Shares issuable upon exercise of stock options	—	—	—	9,469,500
Non-vested shares under restricted stock grants	—	5,874,420	—	35,098,238

### **Unaudited Pro Forma Net Loss Per Share**

The following table summarizes the Company's unaudited pro forma net loss per share (in thousands except share and per share data):

	<u>Year Ended</u> <u>December 31, 2017</u>	<u>Nine Months Ended</u> <u>September 30, 2018</u>
<b>Numerator</b>		
Net loss and pro forma net loss	\$ (6,771)	\$ (108,175)
<b>Denominator</b>		
Shares used to compute net loss per share, basic and diluted	41,224,000	27,602,600
Pro forma adjustments to reflect assumed weighted-average effect of conversion of convertible preferred stock	—	84,138,279
Shares used to compute pro forma net loss per share, basic and diluted	41,224,000	111,740,879
<b>Pro forma net loss per share, basic and diluted</b>	\$ (0.16)	\$ (0.97)

**Note 3—Accrued Expenses**

Accrued expenses consisted of the following (in thousands):

	<u>December 31,</u>		<u>September 30,</u>
	<u>2016</u>	<u>2017</u>	<u>2018</u>
Accrued compensation	\$ —	\$ 34	\$ 2,739
Accrued legal fees	103	780	548
Accrued accounting fees	—	—	12
Accrued consulting fees	—	33	69
Accrued other	—	79	45
Total accrued expenses	<u>\$ 103</u>	<u>\$ 926</u>	<u>\$ 3,413</u>

**Note 4—Fair Value Measurements**

The accounting guidance defines fair value, establishes a consistent framework for measuring fair value and expands disclosure for each major asset and liability category measured at fair value on either a recurring or nonrecurring basis. Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the accounting guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1: Observable inputs such as quoted prices in active markets;

Level 2: Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

As of December 31, 2016, and 2017, the carrying amounts of the Company's financial instruments, which include cash, accounts payable and accrued expenses, approximate fair values because of their short maturities. Included in marketable securities as of September 30, 2018 are U.S. Treasury Securities with a carrying value and fair value of \$115.4 million based upon a Level 1 fair value assessment. The carrying amounts for the Company's other financial instruments approximate fair values as of September 30, 2018.

As of December 31, 2016, December 31, 2017, and September 30, 2018, the Company did not have any Level 2 or Level 3 securities.

**Note 5—Convertible Note Financing**

On October 2, 2017, the Company issued a convertible promissory note (the "Note") in an amount of \$6.0 million to an investor. The Note accrued interest at 8% per year and had a maturity date of October 2, 2018. The Note was subject to an automatic conversion upon a qualified equity financing defined as a raise of \$40.0 million, excluding the conversion of the Note and other indebtedness. The conversion was equal to the outstanding principal amount of the Note plus all accrued and previously unpaid interest thereon, divided by the lowest price per share paid by investor for qualified equity financing. The carrying value of the Note for the year ended December 31, 2017 was approximately \$6.1 million which approximated the fair value of the Note which was determined using Level 3 inputs. On January 4, 2018, the Note converted into 3,499,209 shares of Series A Convertible Preferred Stock. For the year ended December 31, 2017 and for the nine months ended September 30, 2018, the Company recorded aggregate interest expense of \$0.1 million.

**Note 6—Asset Acquisitions**

The following purchased assets were accounted for as asset acquisitions pursuant to ASU 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business*, as substantially all of the fair value of the assets acquired were concentrated in a group of similar assets, and the acquired assets did not have outputs or employees. Because the assets had not yet received regulatory approval, the fair value attributable to these assets was recorded as in process research and development (“IPR&D”) expenses in the Company’s consolidated statement of operations for the year ended December 31, 2017 and for the nine months ended September 30, 2018.

***Acquisition of License from Pulmokine, Inc. (GB002)***

On October 2, 2017, the Company, entered into a license agreement with Pulmokine, Inc. under which it was granted an exclusive worldwide license and sublicense to certain intellectual property rights owned or controlled by Pulmokine to develop and commercialize GB002 and certain backup compounds for the treatment, prevention and diagnosis of any and all disease or conditions. The Company also has the right to sublicense its rights under the license agreement, subject to certain conditions. The assets acquired are in the early stages of the FDA approval process, and the Company intends to further develop the assets acquired through potential FDA approval as evidenced by the milestone arrangement in the contract. The development activities cannot be performed without significant cost and effort by the Company. The agreement will remain in effect from the effective date, unless terminated earlier, until, on a licensed product-by-licensed product and country-by-country basis, the later of ten years from the date of first commercial sale or when there is no longer a valid patent claim covering such licensed product or specified regulatory exclusivity for the licensed product in such country. The Company is obligated to make future development and regulatory milestone payments of up to \$63.0 million, commercial milestone payments of up to \$45.0 million, and sales milestone payments of up to \$190.0 million. The Company is also obligated to pay tiered royalties on sales for each licensed product, at percentages ranging from the mid-single digits to the high single-digits. The Company made an upfront payment in the year ended December 31, 2017, recorded as IPR&D of \$5.5 million. As of September 30, 2018, no milestones had been accrued as there were no potential milestones yet considered probable.

***AA Biopharma Inc. Acquisition (GB001)***

On January 4, 2018, the Company acquired AA Biopharma Inc. pursuant to a merger agreement, and with the acquisition acquired the rights to GB001 and certain backup compounds. In connection with the merger agreement, the Company issued an aggregate of 20,000,000 shares of Series Seed Convertible Preferred Stock and 4,955,752 shares of Common Stock to the AA Biopharma shareholders. The Company recorded IPR&D of \$19.3 million in connection with the acquisition of AA Biopharma.

***Acquisition of License from Aerpio Pharmaceuticals, Inc. (GB004)***

On June 24, 2018, the Company entered into a license agreement with Aerpio Pharmaceuticals, Inc. (“Aerpio”) under which the Company was granted an exclusive worldwide license and sublicense to certain intellectual property rights owned or controlled by Aerpio to develop and commercialize GB004, and certain other related compounds for all applications. The Company also has the right to sublicense its rights under the license agreement, subject to certain conditions. The Company is obligated to make future development and regulatory milestone payments of up to \$55.0 million, commercial milestone payments of up to \$85.0 million and sales milestone payments of up to \$260.0 million. The Company is also obligated to pay tiered royalties on sales for each licensed product, at percentages ranging from a high single-digit to mid-teens, subject to certain customary reductions. The Company made an upfront payment of \$20.0 million, which represented the purchase consideration for an asset acquisition. As of September 30, 2018, no milestones had been accrued as there were no potential milestones yet considered probable.

**Adhaere Pharmaceuticals, Inc. Acquisition (GB1275)**

On September 21, 2018, the Company acquired Adhaere Pharmaceuticals, Inc. pursuant to a merger agreement for an upfront payment of \$7.5 million in cash, and with the acquisition acquired the rights to GB1275 and certain backup compounds. The Company is obligated to make future regulatory, development and sales milestones of up to \$62.0 million and pay tiered royalties on worldwide net sales, at percentages ranging from low to mid-single digits, subject to customary reductions. As of September 30, 2018, no milestones had been accrued as there were no potential milestones yet considered probable. The Company recorded IPR&D of \$7.5 million in connection with the acquisition of Adhaere.

The Company recorded the following IPR&D expense on the consolidated statements of operations (in thousands):

	Year Ended December 31,		Nine Months Ended September 30,	
	2016	2017	2017	2018
GB002	\$ —	\$ 5,500	\$ —	\$ —
GB001	—	—	—	19,148
GB004	—	—	—	20,000
GB1275	—	—	—	7,500
Other preclinical programs	—	—	—	3,011
Total IPR&D	<u>\$ —</u>	<u>\$ 5,500</u>	<u>\$ —</u>	<u>\$49,659</u>

**Note 7—Income Taxes**

No provision for federal or state income taxes has been recorded for the years ended December 31, 2016 and 2017. The difference between the Company’s effective tax rate of 0% and the U.S. federal statutory tax rate of 34% is largely due to the Company’s net operating losses and the effect of the federal corporate rate change beginning January 1, 2018, which are offset by the corresponding valuation allowance. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company’s deferred tax assets and liabilities as of December 31, 2016 and 2017 are shown below. The Company has established a valuation allowance against net deferred tax assets due to the uncertainty that such assets will be realized. The Company periodically evaluates the recoverability of the deferred assets. At such time as it is determined that it is more likely than not that the deferred tax asset will be realized, the valuation allowance will be reduced. The change in the valuation allowance for the year ended December 31, 2017 was an increase of \$1.8 million.

	December 31,	
	2016	2017
	(in thousands)	
Deferred tax assets:		
Amortization	\$ —	\$ 1,588
Deferred state income tax	—	—
Stock-based compensation	—	1
Net operating losses	49	306
Total gross deferred tax assets	49	1,895
Valuation allowance	(49)	(1,895)
Net deferred tax asset	<u>\$ —</u>	<u>\$ —</u>

At December 31, 2017, the Company has federal and California net operating losses (“NOL”) carryforwards of approximately \$1.1 million and \$1.1 million, respectively. The federal and state NOL carryforwards begin to expire in 2036.



The NOL carryforward may be subject to an annual limitation under Section 382 and 383 of the Internal Revenue Code of 1986, and similar state provisions if the Company experienced one or more ownership changes which would limit the amount of NOL and tax credit carryforwards that can be utilized to offset future taxable income and tax respectively. In general, an ownership change as defined by Section 382 and 383, results from the transactions increasing ownership of certain stockholders or public groups in the stock of the corporation of more than 50 percentage points over a three-year period. The Company has not completed a Section 382 and 383 analysis to assess whether an ownership change has occurred or whether there have been multiple ownership changes since the Company's formation due to the complexity and cost associated with such study and the fact there may be additional such ownership changes in the future. If a change in ownership were to have occurred or occurs in the future, the NOL and tax credits carryforwards could be eliminated or restricted. If eliminated, the related asset would be removed from the deferred tax asset schedule with a corresponding reduction in the valuation allowance. Due to the existence of the valuation allowance, limitations created by future ownership changes, if any, will not impact the Company's effective tax rate.

The Company files income tax returns in the United States and California. Due to the Company's losses incurred, the Company is subject to the income tax examination by authorities since inception. The Company's policy is to recognize interest expense and penalties related to income tax matters as tax expense. As of December 31, 2017, there were no significant accruals for interest related to unrecognized tax benefits or tax penalties.

On December 22, 2017, the President of the United States signed into law the Tax Act. The Tax Act amends the Internal Revenue Code to reduce tax rates and modify policies, credits, and deductions for individuals and businesses. For businesses, the Tax Act reduces the corporate tax rate from a maximum 35% to a flat 21% rate. The rate reduction is effective on January 1, 2018.

As a result of the rate reduction, the Company has reduced the deferred tax asset balance as of December 31, 2017 by \$0.8 million. Due to the Company's full valuation allowance position, there was no net impact on the Company's income tax provision at December 31, 2017, as the reduction in the deferred tax asset balance was fully offset by a corresponding decrease in the valuation allowance.

In conjunction with the Tax Act, the SEC staff issued Staff Accounting Bulletin No. 118 ("SAB 118") to address the application of GAAP in situations when a registrant does not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the Tax Act. There was no net impact on the Company's consolidated financial statements for the year ended December 31, 2017 as the corresponding adjustment was made to the valuation allowance. The ultimate impact may differ from these provisional amounts, possibly materially, due to, among other things, additional analysis, changes in interpretations and assumptions the Company has made, additional regulatory guidance that may be issued, and actions the Company may take as a result of the Tax Act.

#### **Note 8—Convertible Preferred Stock and Stockholders' Deficit**

##### ***Convertible Preferred Stock***

##### ***Series Seed Convertible Preferred Stock***

On January 4, 2018, the Company issued an aggregate of 20,000,000 shares of Series Seed Convertible Preferred Stock in connection with the merger agreement with AA Biopharma Inc. (See Note 6).

##### ***Series A Convertible Preferred Stock***

In January and March 2018, the Company issued an aggregate of 45,714,286 shares of Series A Convertible Preferred Stock at \$1.75 per share for approximately \$73.9 million in cash and the conversion of approximately \$6.1 million in principal and accrued interest under the Note (See Note 5).

### ***Series B Convertible Preferred Stock***

On July 20 2018, the Company issued an aggregate of 71,506,513 shares of Series B Convertible Preferred Stock at \$3.2167 per share for approximately \$230.0 million in gross proceeds.

#### ***Dividends***

Holders of Series Seed Convertible Preferred Stock, Series A Convertible Preferred Stock and Series B Convertible Preferred Stock (collectively, “Series Convertible Preferred Stock”), in preference to the holders of common stock, shall be entitled to receive, but only out of funds that are legally available therefor, cash dividends at the annual per share rate of 6.0% per annum (based on the original issue price). Such dividends shall be payable only when, as and if declared by the Company’s board of directors and shall be non-cumulative. No dividends have been declared as of September 30, 2018.

#### ***Liquidation***

Holders of Series B Convertible Preferred Stock are entitled to receive a liquidation preference (the “Series B Liquidation Amount”) prior to any distribution to the holders of Series Seed Convertible Preferred Stock, Series A Convertible Preferred Stock and common stock in the amount per share equal to the greater of (i) \$3.2167, plus all declared and unpaid dividends, or (ii) the amount the holders would receive if the Series B Convertible Preferred Stock were converted into common stock prior to such liquidation event. After payment of the full Series B Liquidation Amount, holders of shares of Series Seed Convertible Preferred Stock and Series A Convertible Preferred Stock are entitled to receive a liquidation preference prior to any distribution to the holders of common stock in the amount per share equal to the greater of (i) \$1.00 per share with respect to the Series Seed Convertible Preferred Stock and \$1.75 per share with respect to the Series A Convertible Preferred Stock, plus all declared and unpaid dividends, or (ii) the amount the holders would receive if the Series Convertible Preferred Stock were converted into common stock prior to such liquidation event. Thereafter, the remaining assets of the Company legally available for distribution, if any, shall be distributed ratably to the holders of the common stock.

#### ***Conversion***

The shares of Series Convertible Preferred Stock are convertible into an equal number of shares of common stock, at the option of the holder, subject to certain anti-dilution adjustments. Each share of Series Convertible Preferred Stock is automatically converted into common stock (i) upon the closing of a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, resulting in at least \$100 million of gross proceeds to the Company, or if such offering is otherwise approved by vote or written consent of at least 65% of the outstanding shares of the Series Convertible Preferred Stock, or (ii) the date and time, or the occurrence of an event, specified by vote or written consent of each of the holders of (a) at least 65% of the outstanding shares of the Series Convertible Preferred Stock and (b) at least 65% of the outstanding shares of Series B Convertible Preferred Stock

#### ***Voting Rights***

The holder of each share of Series Convertible Preferred Stock is entitled to one vote for each share of common stock into which it would convert and to vote as one class with the common stockholders on all matters.

#### ***Presentation of Convertible Preferred Stock***

The Series Convertible Preferred is classified outside of stockholders’ equity (deficit) because the shares contain certain redemption features that are not solely within the control of the Company. The Company is not adjusting the carrying value of the Series Convertible Preferred as it is uncertain whether or when a redemption event will occur.

### ***Common Stock***

On December 3, 2015, the Company issued 41,224,000 shares of common stock as founder shares for services rendered to the Company, valued at \$0.0001 par value per share, for a total of approximately \$4,100. On January 4, 2018, incremental vesting conditions were placed on the previously issued founder shares. Fifty percent of the previously issued founder shares vested on January 4, 2018, and the remaining founder shares are subject to vesting restrictions over a period of five years.

Pursuant to the employment agreements with the Company's founders executed January 4, 2018, the Company provided for certain potential additional issuances of common stock (the "anti-dilution shares") to each of the founders to ensure the total number of shares of common stock held by them and their affiliates (inclusive of any shares subject to equity awards granted by the Company and the Founders' Equity) would represent 15% of the Company's fully-diluted capitalization until such time as the Company raised \$300 million in equity capital, including the capital raised in the Series A financing.

In furtherance of this obligation, on May 21, 2018, the Company issued 1,131,962 shares of common stock to the founders for services rendered to the Company, valued at \$0.58 per share with an additional 1,131,962 shares of restricted stock subject to the same vesting restrictions and vesting period as the founder shares. In addition, on September 6, 2018, the Company issued 8,077,604 shares of common stock to the founders for services rendered to the Company, valued at \$2.14 per share, with an additional 8,077,604 shares of restricted stock subject to the same vesting restrictions and vesting period as the founder shares.

Each share of common stock is entitled to one voting right. Common stock owners are entitled to dividends when funds are legally available and declared by the Board.

### ***Shares of Common Stock Subject to Repurchase***

In November 2017, in connection with the issuance of the Series A Convertible Preferred Stock, certain employees entered into stock restriction agreements, whereby 5,874,420 shares are subject to forfeiture by the Company upon the stockholder's termination of employment or service to the Company. In January 2018, the Company's founders entered into stock restriction agreements, whereby 20,612,000 of previously unrestricted shares of common stock were subject to service vesting conditions. These shares are also subject to forfeiture by the Company upon the stockholders' termination of employment or service to the Company. Any shares subject to repurchase by the Company are not deemed, for accounting purposes, to be outstanding until those shares vest. As such, the Company recognizes the measurement date fair value of the restricted stock over the vesting period as compensation expense. For the years ended December 31, 2016, December 31, 2017 and September 30, 2018, 0 shares, 5,874,420 shares and 35,098,238 shares of common stock, respectively, were subject to repurchase by the Company. The unvested stock liability related to these awards is immaterial to all periods presented.

### **Note 9—Stock-Based Compensation**

The Company's 2017 Equity Incentive Plan (the "Plan") permits the granting of incentive stock options, non-statutory stock options, restricted stock, restricted stock units and other stock-based awards. As of December 31, 2016, December 31, 2017, and September 30, 2018, 0 shares, 5,889,357 shares, and 17,121,225 shares of common stock were authorized for issuance under the Plan, respectively.

At December 31, 2017 and September 30, 2018, 5,874,420 and 14,746,172 shares outstanding have been awarded and 14,937 and 2,375,053 shares, respectively, remain available for issuance under the Plan.

### ***Stock Options***

The fair value of each employee and non-employee stock option grant is estimated on the date of grant using the Black-Scholes option-pricing model. The Company is a private company and lacks company-specific

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historical and implied volatility information. Therefore, it estimates its expected volatility based on the historical volatility of a publicly traded set of peer companies. Due to the lack of historical exercise history, the expected term of the Company's stock options for employees has been determined utilizing the "simplified" method for awards. The expected term of stock options granted to non-employees is equal to the contractual term of the option award. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve in effect at the time of grant of the award for time periods approximately equal to the expected term of the award. Expected dividend yield is zero based on the fact that the Company has never paid cash dividends and does not expect to pay any cash dividends in the foreseeable future.

The grant date fair value of stock option awards is determined using the Black-Scholes option-pricing model. No stock options were granted for the years ended December 31, 2016 and 2017. The following assumptions were used to estimate the fair value of stock option awards:

	<b>Nine Months Ended September 30, 2018</b>
Exercise price	\$0.58 - \$1.02
Expected term (in years)	5.3 - 6.1
Expected volatility	69.13% - 77.62%
Risk-free interest rate	2.65% - 2.96%
Expected dividend yield	—

The following table summarizes stock option activity during the nine months ended September 30, 2018:

	<b>Number of Shares</b>	<b>Weighted- Average Exercise Price</b>	<b>Weighted- Average Remaining Contractual Life (in years)</b>	<b>Total Intrinsic Value</b>
Outstanding as of December 31, 2017	—	\$ —	—	\$
Granted	9,587,500	0.65	9.6	
Cancelled	118,000	0.58	9.7	
Outstanding as of September 30, 2018	<u>9,469,500</u>	<u>\$ 0.65</u>	<u>9.6</u>	<u>\$ 702</u>
Options vested and exercisable	155,833	\$ 0.58	9.3	\$ 60

The aggregate intrinsic value in the above table is calculated as the difference between fair value of the Company's common stock price and the exercise price of the stock options. The weighted-average grant date fair value per share for the stock option grants during the nine months ended September 30, 2018 was \$0.43. At September 30, 2018, the total unrecognized compensation related to unvested stock option awards granted was \$3.7 million, which the Company expects to recognize over a weighted-average period of approximately 3.6 years.

**Restricted Stock**

The summary of the Company's restricted stock activity is as follows:

	Number of Shares	Weighted-Average Grant Date Fair Value Per Share
Nonvested at December 31, 2016	—	\$ —
Granted	5,874,420	0.02
Nonvested at December 31, 2017	5,874,420	\$ 0.02
Granted	39,056,132	1.23
Forfeitures	(597,748)	0.02
Vested	(9,234,566)	1.95
Nonvested at September 30, 2018	<u>35,098,238</u>	<u>\$ 0.85</u>

At September 30, 2018, the total unrecognized compensation related to unvested restricted stock awards granted was \$28.2 million, which the Company expects to recognize over a weighted-average period of approximately 4.0 years.

Stock-based compensation expense has been reported in the Company's consolidated statements of operations as follows (in thousands):

	Year Ended December 31,		Nine Months Ended September 30,	
	2016	2017	2017	2018
General and administrative	\$ —	\$ 32	\$ —	\$ 19,948
Research and development	—	—	—	200
Total stock-based compensation	<u>\$ —</u>	<u>\$ 32</u>	<u>\$ —</u>	<u>\$ 20,148</u>

For the nine months ended September 30, 2018, \$17.3 million of the stock-based compensation expense related to the issuance of the anti-dilution shares.

**Note 10—Property and Equipment, Net**

The Company's property and equipment, net consisted of the following (in thousands):

	Estimated Useful Life (in years)	December 31, 2017	September 30, 2018
Office equipment	3	\$ —	\$ 817
Computer Equipment	5	—	15
Software	3	—	50
Lab Equipment	2-5	—	1,048
Leasehold improvements	6-7	—	1,240
Construction in process	N/A	—	—
Total property and equipment		—	3,170
Less: accumulated depreciation		—	163
Property and equipment, net		<u>\$ —</u>	<u>\$ 3,007</u>

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No depreciation expense was recorded for the years ended December 31, 2016 and 2017. Depreciation expense for the nine months ended September 30, 2018 was approximately \$163,000 and was recorded in general and administrative expense in the Consolidated Statements of Operations.

### **Note 11—Commitments and Contingencies**

#### *Office Lease*

The Company subleases certain office and laboratory space under a non-cancelable operating lease expiring in January 2025 for the initial leased space and December 2022 for expansion space leased pursuant to an amendment to the lease agreement entered into in August 2018, with an option to extend for the entire premises through the expiration of the initial terms of the master lease. The sub-lease is subject to charges for common area maintenance and other costs, and base rent is subject to an annual increase in 3% of each subsequent year. The sublease did not commence until January 15, 2018, therefore there was no rent expense for the years ending December 31, 2016 and 2017. For the nine months ended September 30, 2018, the Company recorded approximately \$1.1 million in rent expense.

Future minimum payments under the non-cancelable operating lease as of September 30, 2018 were as follows (in thousands):

Remainder of 2018	\$ 341
Years ended December 31,	
2019	2,908
2020	2,997
2021	3,084
2022	3,176
Thereafter	3,348
Total	<u>\$15,854</u>

#### *Litigation*

The Company is not a party to any material legal proceedings and is not aware of any pending or threatened claims. From time to time, the Company may be subject to various legal proceedings and claims that arise in the ordinary course of its business activities.

### **Note 12—Subsequent Events**

For purposes of the financial statements as of December 31, 2017 and the year then ended, the Company evaluated subsequent events for recognition and measurement purposes through October 11, 2018, the date the financial statements were issued. The Company has further evaluated subsequent events for recognition and remeasurement purposes of the interim financial statements as of September 30, 2018, and for the nine months then ended, through November 29, 2018 and for disclosure purposes, through December 21, 2018. Except as described elsewhere in these financial statements, the Company has concluded that no events or transactions have occurred that require disclosure.

Through and including \_\_\_\_\_, 2018 (the 25th day after the date of this prospectus) all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

## Shares



### Common Stock

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#### PROSPECTUS

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**BofA Merrill Lynch**

**Leerink Partners**

**Barclays**

**Evercore ISI**

, 2018

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**Part II****INFORMATION NOT REQUIRED IN PROSPECTUS****Item 13. Other Expenses of Issuance and Distribution.**

The following table indicates the expenses to be incurred in connection with the offering described in this registration statement, other than underwriting discounts and commissions, all of which will be paid by us. All amounts are estimated except the SEC registration fee, the Financial Industry Regulatory Authority, Inc., or FINRA, filing fee and the Nasdaq Global Select Market listing fee.

	<b>Amount paid or to be paid</b>
SEC registration fee	\$ 32,058
FINRA filing fee	40,175
Nasdaq Global Select Market listing fee	*
Accountants' fees and expenses	*
Legal fees and expenses	*
Transfer Agent's fees and expenses	*
Printing and engraving expenses	*
Miscellaneous	*
<b>Total expenses</b>	<b>\$ *</b>

\* To be provided by amendment.

**Item 14. Indemnification of Directors and Officers.**

Section 102 of the General Corporation Law of the State of Delaware permits a corporation to eliminate the personal liability of directors of a corporation to the corporation or its stockholders for monetary damages for a breach of fiduciary duty as a director, except where the director breached his duty of loyalty, failed to act in good faith, engaged in intentional misconduct or knowingly violated a law, authorized the payment of a dividend or approved a stock repurchase in violation of Delaware corporate law or obtained an improper personal benefit. Our certificate of incorporation provides that no director of the Registrant shall be personally liable to it or its stockholders for monetary damages for any breach of fiduciary duty as a director, notwithstanding any provision of law imposing such liability, except to the extent that the General Corporation Law of the State of Delaware prohibits the elimination or limitation of liability of directors for breaches of fiduciary duty.

Section 145 of the General Corporation Law of the State of Delaware provides that a corporation has the power to indemnify a director, officer, employee or agent of the corporation, or a person serving at the request of the corporation for another corporation, partnership, joint venture, trust or other enterprise in related capacities against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with an action, suit or proceeding to which he was or is a party or is threatened to be made a party to any threatened, ending or completed action, suit or proceeding by reason of such position, if such person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, in any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful, except that, in the case of actions brought by or in the right of the corporation, no indemnification shall be made with respect to any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or other adjudicating court determines that, despite the adjudication of liability but in view of all of the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.



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Our amended and restated certificate of incorporation, which will become effective immediately prior to the closing of this offering, provides that we will indemnify each person who was or is a party or threatened to be made a party to any threatened, pending or completed action, suit or proceeding (other than an action by or in the right of us) by reason of the fact that he or she is or was, or has agreed to become, a director or officer, or is or was serving, or has agreed to serve, at our request as a director, officer, partner, employee or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise (all such persons being referred to as an "Indemnitee"), or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding and any appeal therefrom, if such Indemnitee acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, our best interests, and, with respect to any criminal action or proceeding, he or she had no reasonable cause to believe his or her conduct was unlawful. Our amended and restated certificate of incorporation provides that we will indemnify any Indemnitee who was or is a party to an action or suit by or in the right of us to procure a judgment in our favor by reason of the fact that the Indemnitee is or was, or has agreed to become, a director or officer, or is or was serving, or has agreed to serve, at our request as a director, officer, partner, employee or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees) and, to the extent permitted by law, amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding, and any appeal therefrom, if the Indemnitee acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, our best interests, except that no indemnification shall be made with respect to any claim, issue or matter as to which such person shall have been adjudged to be liable to us, unless a court determines that, despite such adjudication but in view of all of the circumstances, he or she is entitled to indemnification of such expenses. Notwithstanding the foregoing, to the extent that any Indemnitee has been successful, on the merits or otherwise, he or she will be indemnified by us against all expenses (including attorneys' fees) actually and reasonably incurred in connection therewith. Expenses must be advanced to an Indemnitee under certain circumstances.

We have entered into indemnification agreements with each of our directors and officers. These indemnification agreements may require us, among other things, to indemnify our directors and officers for some expenses, including attorneys' fees, judgments, fines and settlement amounts incurred by a director or officer in any action or proceeding arising out of his or her service as one of our directors or officers, or any of our subsidiaries or any other company or enterprise to which the person provides services at our request.

We maintain a general liability insurance policy that covers certain liabilities of directors and officers of our corporation arising out of claims based on acts or omissions in their capacities as directors or officers.

In any underwriting agreement we enter into in connection with the sale of common stock being registered hereby, the underwriters will agree to indemnify, under certain conditions, us, our directors, our officers and persons who control us within the meaning of the Securities Act, against certain liabilities.

### **Item 15.Recent Sales of Unregistered Securities.**

Set forth below is information regarding unregistered securities issued by us since October 26, 2015. Also included is the consideration received by us for such securities and information relating to the section of the Securities Act, or rule of the SEC, under which exemption from registration was claimed.

#### (a) Issuances of Capital Stock and Convertible Promissory Notes

1. In December 2015, we issued and sold 41,224,000 shares of common stock to our founders at purchase price of \$0.001 per share for aggregate consideration of approximately \$41,224.
2. In October 2017, we issued and sold to an investor a convertible promissory note, or the Note, in the aggregate principal amount of \$6,000,000. The Note, including interest thereon, converted into 3,499,209 shares of our Series A convertible preferred stock in January 2018.

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3. In December 2017, we issued 4,955,752 shares of our common stock and 20,000,000 shares of our Series Seed convertible preferred stock to investors pursuant to a merger agreement.
4. In January and March 2018, we issued an aggregate of 45,714,286 shares of our Series A convertible preferred stock to investors at a purchase price of \$1.75 per share, for aggregate consideration of approximately \$80.0 million, including the conversion of the Note.
5. In May 2018, we issued 2,263,924 shares of common stock to our founders at a purchase price of \$0.58 per share, in consideration for services rendered for aggregate consideration of \$1.3 million.
6. In July 2018, we issued an aggregate of 71,506,513 shares of our Series B convertible preferred stock to investors at a purchase price of \$3.2167 per share, for aggregate consideration of approximately \$230.0 million.
7. In September 2018, we issued 16,155,208 shares of common stock to our founders at a purchase price of \$1.02 per share, in consideration for services rendered for aggregate consideration of \$16.5 million.

No underwriters were involved in the foregoing issuances of securities. The securities described in this section (a) of Item 15 were issued to investors in reliance upon the exemption from the registration requirements of the Securities Act, as set forth in Section 4(a)(2) under the Securities Act and Regulation D promulgated thereunder relative to transactions by an issuer not involving any public offering, to the extent an exemption from such registration was required. All holders of securities described above represented to us in connection with their purchase or issuance that they were accredited investors and were acquiring the securities for their own account for investment purposes only and not with a view to, or for sale in connection with, any distribution thereof and that they could bear the risks of the investment and could hold the securities for an indefinite period of time. The holders received written disclosures that the securities had not been registered under the Securities Act and that any resale must be made pursuant to a registration statement or an available exemption from such registration.

### (b) Grants of Stock Options and Restricted Stock

1. From October 2015 through December 15, 2018, we granted stock options to purchase an aggregate of 23,146,400 shares of our common stock at a weighted-average exercise price of \$1.66 per share, to certain of our employees, consultants and directors in connection with services provided to us by such persons. 163,000 of these options have been canceled and none of these options have been exercised through December 15, 2018.
2. From October 2015 through December 15, 2018, we granted an aggregate of 5,874,420 shares of our restricted common stock, 572,748 of which have been cancelled, to certain of our employees, consultants and directors pursuant to restricted stock agreements in connection with services provided to us by such persons, at a purchase price of \$0.0049 per share.

The restricted stock, stock options and the common stock issuable upon the exercise of such options as described in this section (b) of Item 15 were issued pursuant to written compensatory plans or arrangements with our employees and directors, in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 701 promulgated under the Securities Act or the exemption set forth in Section 4(a)(2) under the Securities Act and Regulation D promulgated thereunder relative to transactions by an issuer not involving any public offering. All recipients either received adequate information about us or had access, through employment or other relationships, to such information.

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All of the foregoing securities are deemed restricted securities for purposes of the Securities Act. All certificates representing the issued shares of capital stock described in this Item 15 included appropriate legends setting forth that the securities had not been registered and the applicable restrictions on transfer.

### **Item 16. Exhibits and Financial Statement Schedules.**

- (a) **Exhibits.** See Exhibit Index attached to this registration statement, which is incorporated by reference herein.
- (b) **Financial Statement Schedules.** Schedules not listed above have been omitted because the information required to be set forth therein is not applicable or is shown in the consolidated financial statements or notes thereto.

### **Item 17. Undertakings.**

The undersigned registrant hereby undertakes to provide to the underwriter, at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned hereby undertakes that:

- (1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.
- (2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

**Exhibit Index**

<b><u>Exhibit Number</u></b>	<b><u>Description of Exhibit</u></b>
1.1*	Form of Underwriting Agreement
3.1	<a href="#">Amended and Restated Certificate of Incorporation, as amended (currently in effect)</a>
3.2	<a href="#">Bylaws (currently in effect)</a>
3.3*	Form of Amended and Restated Certificate of Incorporation (to be effective immediately prior to the closing of this offering)
3.4*	Form of Amended and Restated Bylaws (to be effective immediately prior to the closing of this offering)
4.1*	Specimen stock certificate evidencing the shares of common stock
4.2	<a href="#">Amended and Restated Investors' Rights Agreement, dated July 20, 2018, by and among the Registrant and certain of its stockholders</a>
5.1*	Opinion of Latham & Watkins LLP
10.1#	<a href="#">Gossamer Bio, Inc. 2017 Equity Incentive Plan, as amended</a>
10.2#	<a href="#">Form of stock option grant notice and stock option agreement under Gossamer Bio, Inc. 2017 Equity Incentive Plan, as amended</a>
10.3#	<a href="#">Form of restricted stock grant notice and restricted stock agreement under Gossamer Bio, Inc. 2017 Equity Incentive Plan, as amended</a>
10.4#	<a href="#">Form of Founder restricted stock grant notice and restricted stock agreement</a>
10.5#	<a href="#">Gossamer Bio, Inc. 2019 Incentive Award Plan and form of stock option grant notice and stock option agreement thereunder</a>
10.6#	<a href="#">Gossamer Bio, Inc. 2019 Employee Stock Purchase Plan</a>
10.7#	<a href="#">Gossamer Bio, Inc. Non-Employee Director Compensation Program</a>
10.8#	<a href="#">Employment Letter, dated January 4, 2018, by and between Sheila Gujrathi, M.D. and the Registrant</a>
10.9#	<a href="#">Employment Letter, dated January 4, 2018, by and between Faheem Hasnain and the Registrant</a>
10.10#	<a href="#">Employment Letter, dated December 4, 2018, by and between Bryan Girardo and the Registrant</a>
10.11#	<a href="#">Employment Letter, dated December 4, 2018, by and between Christian Waage and the Registrant</a>
10.12#	<a href="#">Employment Letter, dated December 4, 2018, by and between Jakob Dupont, M.D. and the Registrant</a>
10.13#	<a href="#">Employment Letter, dated December 4, 2018, by and between Luisa Salter-Cid, Ph.D. and the Registrant</a>
10.14#	<a href="#">Form of Indemnification Agreement</a>
10.15	<a href="#">Sublease Agreement, dated December 29, 2017, by and between The Medicines Company and the Registrant</a>
10.16	<a href="#">First Amendment to Sublease Agreement, dated August 24, 2018, by and between The Medicines Company and the Registrant</a>
10.17†	<a href="#">Exclusive License Agreement, dated October 2, 2017, by and between GB002, Inc., the Registrant and Pulmokine, Inc.</a>

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<u>Exhibit Number</u>	<u>Description of Exhibit</u>
10.18†	<a href="#">License Agreement, dated June 24, 2018, by and between Aerpio Pharmaceuticals, Inc. and GB004, Inc.</a>
10.19	<a href="#">Board Designation Letter Agreement, dated July 20, 2018, between the Registrant and HH Goss Holdings LLC</a>
21.1	<a href="#">List of subsidiaries of the Registrant</a>
23.1	<a href="#">Consent of Ernst &amp; Young, LLP, independent registered public accounting firm</a>
23.2*	Consent of Latham & Watkins LLP (included in Exhibit 5.1)
24.1	<a href="#">Power of Attorney (included on signature page)</a>

\* To be filed by amendment.

# Indicates management contract or compensatory plan.

† Portions of this exhibit (indicated by asterisks) have been omitted pursuant to a request for confidential treatment pursuant to Rule 406 under the Securities Act of 1933.

## SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the San Diego, State of California, on this 21<sup>st</sup> day of December, 2018.

### GOSSAMER BIO, INC.

By: /s/ Sheila Gujrathi  
Sheila Gujrathi, M.D.  
President, Chief Executive Officer and Director

## SIGNATURES AND POWER OF ATTORNEY

We, the undersigned officers and directors of Gossamer Bio, Inc., hereby severally constitute and appoint Sheila Gujrathi, M.D. and Bryan Giraudo, and each of them singly (with full power to each of them to act alone), our true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution in each of them for him and in his name, place and stead, and in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement (or any other registration statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933), and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as full to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities held on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Sheila Gujrathi</u> Sheila Gujrathi, M.D.	President, Chief Executive Officer and Director (principal executive officer)	December 21, 2018
<u>/s/ Bryan Giraudo</u> Bryan Giraudo	Chief Financial Officer (principal financial and accounting officer)	December 21, 2018
<u>/s/ Faheem Hasnain</u> Faheem Hasnain	Executive Chairman of the Board of Directors	December 21, 2018
<u>/s/ Joshua H. Bilenker</u> Joshua H. Bilenker, M.D.	Director	December 21, 2018
<u>/s/ Kristina Burow</u> Kristina Burow	Director	December 21, 2018
<u>/s/ Russell Cox</u> Russell Cox	Director	December 21, 2018
<u>/s/ Thomas Daniel</u> Thomas Daniel, M.D.	Director	December 21, 2018

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<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Renée Galá</u> Renée Galá	Director	December 21, 2018
<u>/s/ Otello Stampacchia</u> Otello Stampacchia, Ph.D.	Director	December 21, 2018
<u>/s/ Wenkai Xiang</u> Wenkai Xiang, Ph.D.	Director	December 21, 2018

**AMENDED AND RESTATED  
CERTIFICATE OF INCORPORATION  
OF  
GOSSAMER BIO, INC.**

Gossamer Bio, Inc., a corporation organized and existing under and by virtue of the provisions of the General Corporation Law of the State of Delaware (the “**General Corporation Law**”),

**DOES HEREBY CERTIFY:**

1. That the name of this corporation is Gossamer Bio, Inc., and that this corporation was originally incorporated pursuant to the General Corporation Law on October 26, 2015 under the name FSG Bio, Inc.

2. That the Board of Directors duly adopted resolutions proposing to amend and restate the Certificate of Incorporation of this corporation, declaring said amendment and restatement to be advisable and in the best interests of this corporation and its stockholders, and authorizing the appropriate officers of this corporation to solicit the consent of the stockholders therefor, which resolution setting forth the proposed amendment and restatement is as follows:

**RESOLVED**, that the Certificate of Incorporation of this corporation be amended and restated in its entirety to read as follows:

**FIRST:** The name of this corporation is Gossamer Bio, Inc. (the “**Corporation**”).

**SECOND:** The address of the registered office of the Corporation in the State of Delaware is 251 Little Falls Drive, Wilmington, Delaware 19808, New Castle County. The name of its registered agent at such address is Corporation Service Company.

**THIRD:** The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law.

**FOURTH:** The total number of shares of all classes of stock which the Corporation shall have authority to issue is (i) 221,220,799 shares of Common Stock, \$0.0001 par value per share (“Common Stock”) and (ii) 137,220,799 shares of Preferred Stock, \$0.0001 par value per share (“Preferred Stock”).

The following is a statement of the designations and the powers, privileges and rights, and the qualifications, limitations or restrictions thereof in respect of each class of capital stock of the Corporation.

A. COMMON STOCK

1. General. The voting, dividend and liquidation rights of the holders of the Common Stock are subject to and qualified by the rights, powers and preferences of the holders of the Preferred Stock set forth herein.



2. Voting. The holders of the Common Stock are entitled to one vote for each share of Common Stock held at all meetings of stockholders (and written actions in lieu of meetings); provided, however, that, except as otherwise required by law, holders of Common Stock, as such, shall not be entitled to vote on any amendment to the Certificate of Incorporation that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to the Certificate of Incorporation or pursuant to the General Corporation Law. There shall be no cumulative voting. The number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by (in addition to any vote of the holders of one or more series of Preferred Stock that may be required by the terms of the Certificate of Incorporation) the affirmative vote of the holders of shares of capital stock of the Corporation representing a majority of the votes represented by all outstanding shares of capital stock of the Corporation entitled to vote, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law.

## B. PREFERRED STOCK

20,000,000 shares of the Corporation's authorized and unissued Preferred Stock are hereby designated as a series known as Series Seed Preferred Stock, par value \$0.0001 per share (the "**Series Seed Preferred Stock**"). 45,714,286 shares of the Corporation's authorized and unissued Preferred Stock are hereby designated as a series known as Series A Preferred Stock, par value \$0.0001 per share (the "**Series A Preferred Stock**"). 71,506,513 shares of the authorized and unissued Preferred Stock are hereby designated Series B Preferred Stock, par value \$0.0001 per share (the "**Series B Preferred Stock**," and together with the Series A Preferred Stock and Series Seed Preferred Stock, the "**Preferred Stock**"), with the following rights, preferences, powers, privileges and restrictions, qualifications and limitations. Unless otherwise indicated, references to "sections" or "subsections" in this Part B of this Article Fourth refer to sections and subsections of Part B of this Article Fourth.

### 1. Dividends.

1.1 Preferential Dividends. Until such time as the Unreturned Preference (as defined below) has been reduced to zero with respect to all shares of Preferred Stock (the "**Preferential Distribution Termination**"), the holders of outstanding shares of Preferred Stock shall be entitled to receive in any calendar year dividends equal to 6% of the applicable Original Issue Price (as defined below) per annum, out of assets legally available therefor, and payable in preference and priority to the declaration or payment of any dividends on the Common Stock, when, as and if declared by the Board of Directors (such amounts, the "**Preferential Distribution Amounts**"). If the dividend to be distributed among the holders of the Preferred Stock shall be insufficient to permit the payment to such holders of the full Preferential Distribution Amounts to which they are entitled under this Certificate of Incorporation, then the entire amount legally available for distribution shall be distributed ratably among the holders of Preferred Stock in proportion to the full Preferential Distribution Amount to which each such holder is otherwise entitled to receive under this Certificate of Incorporation. Such Preferential Distribution Amounts shall not be cumulative and no right shall accrue to holders of Preferred Stock by reason of the fact that dividends on such shares were not declared or paid in any prior year, whether or not the earnings of the Corporation were sufficient to pay such dividends in whole

or in part. The “**Series Seed Original Issue Price**” means \$1.00 for each share of Series Seed Preferred Stock, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series Seed Preferred Stock. The “**Series A Original Issue Price**” means \$1.75 for each share of Series A Preferred Stock, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series A Preferred Stock. The “**Series B Original Issue Price**” means \$3.2167 for each share of Series B Preferred Stock, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series B Preferred Stock. Each of the Series Seed Original Issue Price, Series A Original Issue Price and Series B Original Issue Price are sometimes referred to herein as the “**Original Issue Price.**” The “**Unreturned Preference**” with respect to a share of Preferred Stock shall equal the applicable Original Issue Price with respect to such share less the amount of Participating Dividends (as defined below) previously paid in respect of such share pursuant to Section 1.2.

1.2 Participating Dividends. After the Preferential Distribution Amounts have been paid or declared and set apart in full in any calendar year, or after the Preferential Distribution Termination, dividends may be declared and paid, out of assets legally available therefor, when, as and if declared by the Board of Directors, among all holders of Common Stock and Preferred Stock in proportion to the number of shares of Common Stock that would be held by each such holder if all shares of Preferred Stock were converted to Common Stock at the then effective conversion rate (such dividends, the “**Participating Dividends**”).

2. Liquidation, Dissolution or Winding Up; Certain Mergers, Consolidations and Asset Sales.

2.1 Preferential Payments to Holders of Series B Preferred Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event (as defined below), the holders of shares of Series B Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders, before any payment shall be made to the holders of Series Seed Preferred Stock, Series A Preferred Stock and Common Stock by reason of their ownership thereof, an amount per share equal to the applicable Unreturned Preference in respect of such shares, plus any dividends declared but unpaid thereon, or such lesser amount as may be approved by the holders of at least sixty-five percent (65%) of the outstanding shares of Series B Preferred Stock (voting together as a separate class, on an as-converted to Common Stock basis) (the amount payable pursuant to this sentence is hereinafter referred to as the “**Series B Liquidation Amount**”). If upon any such liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event, the assets of the Corporation available for distribution to its stockholders shall be insufficient to pay the holders of shares of Series B Preferred Stock the full amount to which they shall be entitled under this Subsection 2.1, the holders of shares of Series B Preferred Stock shall share ratably in any distribution of the assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full. Upon the payment of the Series B Liquidation Amount in full, the holders of Series B Preferred Stock shall not be entitled to any further payment under this Section 2.1.

2.2 Preferential Payments to Holders of Series Seed Preferred Stock and Series A Preferred Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event, after payment of the full Series B Liquidation Amount to the holders of shares of the Series B Preferred Stock, the holders of shares of Series Seed Preferred Stock and Series A Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders, before any payment shall be made to the holders of Common Stock by reason of their ownership thereof, an amount per share equal to the applicable Unreturned Preference in respect of such shares, plus any dividends declared but unpaid thereon, or such lesser amount as may be approved by the holders of at least sixty percent (60%) of the outstanding shares of Series Seed Preferred Stock and Series A Preferred Stock (voting together as a single class, on an as-converted to Common Stock basis, a “**Seed and A Preferred Majority**”) (the amount payable pursuant to this sentence is hereinafter referred to as the “**Series Seed and Series A Preferred Liquidation Amount**,” and together with the Series B Preferred Liquidation Amount, the “**Preferred Liquidation Amount**”). If upon any such liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event, the assets of the Corporation available for distribution to its stockholders shall be insufficient to pay the holders of shares of Series Seed Preferred Stock and Series A Preferred Stock the full amount to which they shall be entitled under this Subsection 2.2, the holders of shares of Series Seed Preferred Stock and Series A Preferred Stock shall share ratably in any distribution of the assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full. Upon the payment of the Series Seed and Series A Preferred Liquidation Amount in full, the holders of Series Seed Preferred Stock and Series A Preferred Stock shall not be entitled to any further payment under this Section 2.2.

2.3 Payments to Holders of Common Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event, after the payment of all preferential amounts required to be paid to the holders of shares of Preferred Stock, the remaining assets of the Corporation available for distribution to its stockholders shall be distributed among the holders of shares of Common Stock, pro rata based on the number of shares held by each such holder; provided, however, that in lieu of the amounts set forth in Section 2.1 and Section 2.2, the holders of Preferred Stock shall be entitled to such greater amount per share as would have been payable had all shares of Preferred Stock been converted into Common Stock pursuant to Section 4 immediately prior to such liquidation, dissolution, winding up or Deemed Liquidation Event; provided, further that the distribution of such assets to the stockholders of the Corporation shall be allocated among the holders of capital stock of the Corporation in accordance with Sections 2.1, 2.2 and this Section 2.3 after taking into account the previous payment of any portion of the Preferred Liquidation Amount.

2.4 Shares not Treated as Both Preferred Stock and Common Stock in any Distribution. Shares of Preferred Stock shall not be entitled to be converted into shares of Common Stock in order to participate in any distribution, or series of related distributions, as shares of Common Stock, without first forgoing participation in the distribution, or series of related distributions, as shares of Preferred Stock, except as expressly provided for in this Certificate of Incorporation.

## 2.5 Deemed Liquidation Events.

2.5.1 Definition. Each of the following events shall be considered a “**Deemed Liquidation Event**” unless each of (i) the Requisite Holders (as defined below) and (ii) at least sixty-five percent (65%) of the outstanding shares of Series B Preferred Stock (voting together as a single class, on an as-converted to Common Stock basis) elect otherwise:

(a) a merger or consolidation in which

(i) the Corporation is a constituent party or

(ii) a subsidiary of the Corporation is a constituent party and the Corporation issues shares of its capital stock pursuant to such merger or consolidation,

except any such merger or consolidation involving the Corporation or a subsidiary in which the shares of capital stock of the Corporation outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or exchanged for shares of capital stock that represent, immediately following such merger or consolidation, a majority, by voting power, of the capital stock (to be held in substantially the same proportions and with substantially the same rights, preferences and powers) of (1) the surviving or resulting corporation; or (2) if the surviving or resulting corporation is a wholly owned subsidiary of another corporation immediately following such merger or consolidation, the parent corporation of such surviving or resulting corporation; or

(b) the sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, by the Corporation or any subsidiary of the Corporation of all or substantially all the assets and/or intellectual property of the Corporation and its subsidiaries taken as a whole, or the sale or disposition (whether by merger, consolidation or otherwise) of one or more subsidiaries of the Corporation if substantially all of the assets of the Corporation and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, except where such sale, lease, transfer, exclusive license or other disposition is to a wholly owned subsidiary of the Corporation.

### 2.5.2 Effecting a Deemed Liquidation Event.

(a) The Corporation shall not have the power to effect a Deemed Liquidation Event referred to in Subsection 2.5.1(a) (i) unless the agreement or plan of merger or consolidation for such transaction (the “**Merger Agreement**”) provides that the consideration payable to the stockholders of the Corporation shall be allocated among the holders of capital stock of the Corporation in accordance with Subsections 2.1, 2.2 and 2.3.

(b) In the event of a Deemed Liquidation Event referred to in Subsection 2.5.1(a)(ii) or 2.5.1(b), if the Corporation does not effect a dissolution of the Corporation under the General Corporation Law within ninety (90) days after such Deemed Liquidation Event, then (i) the Corporation shall send a written notice to each holder of Preferred Stock no later than the ninetieth (90<sup>th</sup>) day after the Deemed Liquidation Event advising such

holders of their right (and the requirements to be met to secure such right) pursuant to the terms of the following clause; (ii) to require the redemption of such shares of Preferred Stock, and (iii) unless each of (1) the Requisite Holders and (2) at least sixty-five percent (65%) of the outstanding shares of Series B Preferred Stock (voting together as a single class, on an as-converted to Common Stock basis) otherwise request in a written instrument delivered to the Corporation not later than one hundred twenty (120) days after such Deemed Liquidation Event, the Corporation shall use the consideration received by the Corporation for such Deemed Liquidation Event (net of any retained liabilities associated with the assets sold or technology licensed, as determined in good faith by the Board of Directors of the Corporation), together with any other assets of the Corporation available for distribution to its stockholders, all to the extent permitted by Delaware law governing distributions to stockholders (the “**Available Proceeds**”), on the one hundred fiftieth (150<sup>th</sup>) day after such Deemed Liquidation Event, to redeem all outstanding shares of Preferred Stock at a price per share equal to the Preferred Liquidation Amount. Notwithstanding the foregoing, in the event of a redemption pursuant to the preceding sentence, if the Available Proceeds are not sufficient to redeem all outstanding shares of Preferred Stock, the Corporation shall ratably redeem each holder’s shares of Preferred Stock to the fullest extent of such Available Proceeds, based on the respective amounts which would otherwise be payable in respect of the shares to be redeemed if the Available Proceeds were sufficient to redeem all such shares, and shall redeem the remaining shares as soon as it may lawfully do so under Delaware law governing distributions to stockholders. The Board of Directors of the Corporation shall determine in good faith the terms of the redemption of the Preferred Stock pursuant to this Subsection 2.5.2(b). The provisions of Section 6 shall apply, with such necessary changes in the details thereof as are necessitated by the context, to the redemption of the Series B Preferred Stock pursuant to this Subsection 2.5.2(b). Prior to the distribution or redemption provided for in this Subsection 2.5.2(b), the Corporation shall not expend or dissipate the consideration received for such Deemed Liquidation Event, except (i) to discharge expenses incurred in connection with such Deemed Liquidation Event, (ii) in the ordinary course of business, or (iii) dividends to be paid to the stockholders of the Corporation (subject to obtaining any consents required elsewhere in the Certificate of Incorporation).

2.5.3 Amount Deemed Paid or Distributed. The amount deemed paid or distributed to the holders of capital stock of the Corporation upon any such merger, consolidation, sale, transfer, exclusive license, other disposition or redemption shall be the cash or the value of the property, rights or securities paid or distributed to such holders by the Corporation or the acquiring person, firm or other entity. The value of such property, rights or securities shall be determined in good faith by the Board of Directors of the Corporation.

2.5.4 Allocation of Escrow and Contingent Consideration. In the event of a Deemed Liquidation Event pursuant to Subsection 2.5.1(a)(i), if any portion of the consideration payable to the stockholders of the Corporation is payable only upon satisfaction of contingencies (the “**Additional Consideration**”), the Merger Agreement shall provide that (a) the portion of such consideration that is not Additional Consideration (such portion, the “**Initial Consideration**”) shall be allocated among the holders of capital stock of the Corporation in accordance with Subsections 2.1, 2.2 and 2.3 as if the Initial Consideration were the only consideration payable in connection with such Deemed Liquidation Event; and (b) any Additional Consideration which becomes payable to the stockholders of the

Corporation upon satisfaction of such contingencies shall be allocated among the holders of capital stock of the Corporation in accordance with Subsections 2.1, 2.2 and 2.3 after taking into account the previous payment of the Initial Consideration as part of the same transaction. For the purposes of this Subsection 2.5.4, consideration placed into escrow or retained as holdback to be available for satisfaction of indemnification or similar obligations in connection with such Deemed Liquidation Event and earn-out consideration payable based upon events occurring after the consummation of such Deemed Liquidation Event shall be deemed to be Additional Consideration.

### 3. Voting.

3.1 General. On any matter presented to the stockholders of the Corporation for their action or consideration at any meeting of stockholders of the Corporation (or by written consent of stockholders in lieu of meeting), each holder of outstanding shares of Preferred Stock shall be entitled to cast the number of votes equal to the number of whole shares of Common Stock into which the shares of Preferred Stock held by such holder are convertible as of the record date for determining stockholders entitled to vote on such matter. Except as provided by law or by the other provisions of the Certificate of Incorporation, holders of Preferred Stock shall vote together with the holders of Common Stock as a single class.

3.2 Election of Directors. The holders of record of the shares of Series A Preferred Stock, exclusively and as a separate class, shall be entitled to elect four (4) directors of the Corporation (the “**Series A Directors**”), the holders of record of the shares of Series B Preferred Stock, exclusively and as a separate class, shall be entitled to elect one (1) director of the Corporation (the “**Series B Director**,” and together with the Series A Directors, the “**Preferred Directors**”), and the holders of record of the shares of Common Stock, exclusively and as a separate class, shall be entitled to elect two (2) directors of the Corporation; provided that, upon the earlier of (a) immediately prior to the first public filing of a registration statement under the Securities Act of 1933 contemplating a firm-commitment underwritten public offering or (b) the date that is six (6) months following the Series B Original Issue Date (as defined below), the number of authorized Series A Directors shall be reduced to two (2). Any director elected as provided in the preceding sentence may be removed without cause by, and only by, the affirmative vote of the holders of the shares of the class or series of capital stock entitled to elect such director or directors, given either at a special meeting of such stockholders duly called for that purpose or pursuant to a written consent of stockholders. If the holders of shares of Series A Preferred Stock, Series B Preferred Stock or Common Stock, as the case may be, fail to elect a sufficient number of directors to fill all directorships for which they are entitled to elect directors, voting exclusively and as a separate class, pursuant to the first sentence of this Subsection 3.2, then any directorship not so filled shall remain vacant until such time as the holders of the Series A Preferred Stock, Series B Preferred Stock or Common Stock, as the case may be, elect a person to fill such directorship by vote or written consent in lieu of a meeting; and no such directorship may be filled by stockholders of the Corporation other than by the stockholders of the Corporation that are entitled to elect a person to fill such directorship, voting exclusively and as a separate class. The holders of record of the shares of Common Stock and of any other class or series of voting stock (including the Preferred Stock), exclusively and voting together as a single class, shall be entitled to elect the balance of the total number of directors of the Corporation. At any meeting held for the purpose of electing a director, the presence in person or by proxy of the holders of a majority

of the outstanding shares of the class or series entitled to elect such director shall constitute a quorum for the purpose of electing such director. Except as otherwise provided in this Subsection 3.2, a vacancy in any directorship filled by the holders of any class or series shall be filled only by vote or written consent in lieu of a meeting of the holders of such class or series or by any remaining director or directors elected by the holders of such class or series pursuant to this Subsection 3.2. The rights of the holders of the Series A Preferred Stock under the first sentence of this Subsection 3.2 shall terminate on the first date following the Series B Original Issue Date on which there are issued and outstanding less than 9,140,000 shares of Series A Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination, or other similar recapitalization with respect to the Series A Preferred Stock). The rights of the holders of the Series B Preferred Stock under the first sentence of this Subsection 3.2 shall terminate on the first date following the Series B Original Issue Date on which the right to designate a Series B Director is terminated pursuant to Section 1.2(b) of the Voting Agreement, dated as of the date hereof, by and among the Corporation and certain stockholders of the Corporation party thereto.

3.3 Preferred Stock Protective Provisions. At any time when at least 9,140,000 shares of Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Preferred Stock) are outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or the Certificate of Incorporation) the written consent or affirmative vote of at least sixty-five percent (65%) of the outstanding shares of Preferred Stock (voting together as a single class, on an as-converted to Common Stock basis, the “**Requisite Holders**”), given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class (provided that if such action adversely affects the obligations or rights of any series of Preferred Stock in a manner disproportionate to the other series of Preferred Stock, such action shall also require the written consent or vote of the holders of at least sixty-five percent (65%) of the shares of such disproportionately adversely affected series of Preferred Stock), and any such act or transaction entered into without such consent or vote shall be null and void *ab initio*, and of no force or effect.

3.3.1 liquidate, dissolve or wind-up the business and affairs of the Corporation, effect any merger or consolidation or any other Deemed Liquidation Event, or consent to any of the foregoing;

3.3.2 amend, alter or repeal any provision of the Certificate of Incorporation or Bylaws of the Corporation;

3.3.3 create, or authorize the creation of, or issue or obligate itself to issue shares of, any additional class or series of capital stock, or increase the authorized number of shares of Preferred Stock or increase the authorized number of shares of any additional class or series of capital stock (in each case excluding any shares of Series B Preferred Stock issued pursuant to that certain Series B Preferred Stock Purchase Agreement, dated on or after the filing date of this Amended and Restated Certificate of Incorporation, among the Corporation and the Investors named therein (as the same may be amended from

time to time in accordance with its terms, the “**Purchase Agreement**”) or shares of Common Stock issued on conversion thereof);

3.3.4 (a) reclassify, alter or amend any existing security of the Corporation that is *pari passu* with any series of Preferred Stock in respect of the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends or rights of redemption, if such reclassification, alteration or amendment would render such other security senior to any series of Preferred Stock in respect of any such right, preference, or privilege or (b) reclassify, alter or amend any existing security of the Corporation that is junior to any series of Preferred Stock in respect of the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends or rights of redemption, if such reclassification, alteration or amendment would render such other security senior to or *pari passu* with any series of Preferred Stock in respect of any such right, preference or privilege;

3.3.5 purchase or redeem (or permit any subsidiary to purchase or redeem) or pay or declare any dividend or make any distribution on, any shares of capital stock of the Corporation other than (a) redemptions of or dividends or distributions on the Preferred Stock as expressly authorized herein, (b) dividends or other distributions payable on the Common Stock solely in the form of additional shares of Common Stock, (c) repurchases of stock from former employees, officers, directors, consultants or other persons who performed services for the Corporation or any subsidiary in connection with the cessation of such employment or service at the lower of the original purchase price or the then-current fair market value thereof, or (d) as approved by the Board of Directors, including the approval of a majority of the Preferred Directors (which majority shall include the Series B Director), or as approved by the Requisite Holders;

3.3.6 create, or authorize the creation of, or issue, or authorize the issuance of any debt security, or permit any subsidiary to take any such action with respect to any debt security (including guarantees), other than equipment leases, if the aggregate indebtedness or guarantee obligation of the Corporation and its subsidiaries for borrowed money following such action would exceed \$500,000, unless such debt security or guarantee has received the prior approval of the Board of Directors, including the approval of a majority of the Preferred Directors (which majority shall include the Series B Director), or the prior approval of the Requisite Holders;

3.3.7 create, or hold capital stock in, any subsidiary that is not wholly owned (either directly or through one or more other subsidiaries) by the Corporation, or sell, transfer or otherwise dispose of any capital stock of any direct or indirect subsidiary of the Corporation (other than a disposition of all of the capital stock of any such subsidiary in a bona fide arm’s length transaction that has received the prior approval of the



Board of Directors, including the approval of a majority of the Preferred Directors (which majority shall include the Series B Director), or the prior approval of the Requisite Holders);

3.3.8 increase or decrease the authorized number of directors constituting the Board of Directors;

3.3.9 hire or terminate, or grant or adjust any cash, equity or other compensation of, the Chief Executive Officer of the Corporation;

3.3.10 enter into or be a party to any transaction with any stockholder, director or officer of the Corporation or any “associate” (as defined in Rule 12b-2 promulgated under the Exchange Act) of any such Person, except for transactions contemplated by this Agreement and the Purchase Agreement or transactions (including agreements related to the compensation of the Corporation’s executive officers) made in the ordinary course of business upon fair and reasonable terms that are approved by a majority of the disinterested members of the Board;

3.3.11 amend this Section 3.3; or

3.3.12 enter into an agreement to do any of the foregoing.

Notwithstanding anything to the contrary in this Section 3.3, such approval of the Requisite Holders or holders of Preferred Stock shall not be required with respect to actions contemplated by any agreements entered into between the Corporation and its stockholder(s) on or prior to the date hereof.

3.4 Series Seed and Series A Preferred Stock Protective Provision. At any time when at least an aggregate of 9,140,000 shares of Series Seed Preferred Stock and Series A Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Preferred Stock) are outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, increase the authorized number of shares of Series Seed Preferred Stock or Series A Preferred Stock without (in addition to any other vote required by law or the Certificate of Incorporation) the written consent or affirmative vote of the Seed and A Preferred Majority.

#### 4. Optional Conversion.

The holders of the Preferred Stock shall have conversion rights as follows (the “**Conversion Rights**”):

##### 4.1 Right to Convert.

4.1.1 Conversion Ratio. Each share of Preferred Stock shall be convertible, at the option of the holder thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into such number of fully paid and non-assessable shares of Common Stock as is determined by dividing the applicable Original Issue Price by the applicable Conversion Price (as defined below) in effect at the time of conversion. The initial Conversion Price per share for the Series Seed Preferred

Stock shall be the Series Seed Original Issue Price, the initial Conversion Price per share for the Series A Preferred Stock shall be the Series A Original Issue Price, and the initial Conversion Price per share for the Series B Preferred Stock shall be the Series B Original Issue Price (as applicable, the “**Conversion Price**”). Such initial Conversion Prices, and the rate at which shares of Preferred Stock may be converted into shares of Common Stock, shall be subject to adjustment as provided below.

4.1.2 Termination of Conversion Rights. In the event of a liquidation, dissolution or winding up of the Corporation or a Deemed Liquidation Event, the Conversion Rights shall terminate at the close of business on the last full day preceding the date fixed for the payment of any such amounts distributable on such event to the holders of Preferred Stock.

4.2 Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of the Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the fair market value of a share of Common Stock as determined in good faith by the Board of Directors of the Corporation. Whether or not fractional shares would be issuable upon such conversion shall be determined on the basis of the total number of shares of Preferred Stock the holder is at the time converting into Common Stock and the aggregate number of shares of Common Stock issuable upon such conversion.

4.3 Mechanics of Conversion.

4.3.1 Notice of Conversion. In order for a holder of Preferred Stock to voluntarily convert shares of Preferred Stock into shares of Common Stock, such holder shall (a) provide written notice to the Corporation’s transfer agent at the office of the transfer agent for the Preferred Stock (or at the principal office of the Corporation if the Corporation serves as its own transfer agent) that such holder elects to convert all or any number of such holder’s shares of Preferred Stock and, if applicable, any event on which such conversion is contingent and (b), if such holder’s shares are certificated, surrender the certificate or certificates for such shares of Preferred Stock (or, if such registered holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate), at the office of the transfer agent for the Preferred Stock (or at the principal office of the Corporation if the Corporation serves as its own transfer agent). Such notice shall state such holder’s name or the names of the nominees in which such holder wishes the shares of Common Stock to be issued. If required by the Corporation, any certificates surrendered for conversion shall be endorsed or accompanied by a written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or his, her or its attorney duly authorized in writing. The close of business on the date of receipt by the transfer agent (or by the Corporation if the Corporation serves as its own transfer agent) of such notice and, if applicable, certificates (or lost certificate affidavit and agreement) shall be the time of conversion (the “**Conversion Time**”), and the shares of Common Stock issuable upon conversion of the specified shares shall be deemed to be outstanding of record as of such date. The Corporation shall, as soon as practicable after the Conversion Time (i) issue and

deliver to such holder of Preferred Stock, or to his, her or its nominees, a certificate or certificates for the number of full shares of Common Stock issuable upon such conversion in accordance with the provisions hereof and a certificate for the number (if any) of the shares of Preferred Stock represented by the surrendered certificate that were not converted into Common Stock, (ii) pay in cash such amount as provided in Subsection 4.2 in lieu of any fraction of a share of Common Stock otherwise issuable upon such conversion and (iii) pay all declared but unpaid dividends on the shares of Preferred Stock converted.

4.3.2 Reservation of Shares. The Corporation shall at all times when the Preferred Stock shall be outstanding, reserve and keep available out of its authorized but unissued capital stock, for the purpose of effecting the conversion of the Preferred Stock, such number of its duly authorized shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding Preferred Stock; and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Preferred Stock, the Corporation shall take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in best efforts to obtain the requisite stockholder approval of any necessary amendment to the Certificate of Incorporation. Before taking any action which would cause an adjustment reducing the applicable Conversion Price below the then par value of the shares of Common Stock issuable upon conversion of the Preferred Stock, the Corporation will take any corporate action which may, in the opinion of its counsel, be necessary in order that the Corporation may validly and legally issue fully paid and non-assessable shares of Common Stock at such adjusted applicable Conversion Price.

4.3.3 Effect of Conversion. All shares of Preferred Stock which shall have been surrendered for conversion as herein provided shall no longer be deemed to be outstanding and all rights with respect to such shares shall immediately cease and terminate at the Conversion Time, except only the right of the holders thereof to receive shares of Common Stock in exchange therefor, to receive payment in lieu of any fraction of a share otherwise issuable upon such conversion as provided in Subsection 4.2 and to receive payment of any dividends declared but unpaid thereon. Any shares of Preferred Stock so converted shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of Preferred Stock accordingly.

4.3.4 No Further Adjustment. Upon any such conversion, no adjustment to the applicable Conversion Price shall be made for any declared but unpaid dividends on the Preferred Stock surrendered for conversion or on the Common Stock delivered upon conversion.

4.3.5 Taxes. The Corporation shall pay any and all issue and other similar taxes that may be payable in respect of any issuance or delivery of shares of Common Stock upon conversion of shares of Preferred Stock pursuant to this Section 4. The Corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of shares of Common Stock in a name other

than that in which the shares of Preferred Stock so converted were registered, and no such issuance or delivery shall be made unless and until the person or entity requesting such issuance has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

4.4 Adjustments to Conversion Price for Diluting Issues.

4.4.1 Special Definitions. For purposes of this Article Fourth, the following definitions shall apply:

Convertible Securities.

(a) “**Option**” shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire Common Stock or

issued.

(b) “**Series B Original Issue Date**” shall mean the date on which the first share of Series B Preferred Stock was

convertible into or exchangeable for Common Stock, but excluding Options.

(c) “**Convertible Securities**” shall mean any evidences of indebtedness, shares or other securities directly or indirectly

Subsection 4.4.3 below, deemed to be issued) by the Corporation after the Series B Original Issue Date, other than (1) the following shares of Common Stock and (2) shares of Common Stock deemed issued pursuant to the following Options and Convertible Securities (clauses (1) and (2), collectively, “**Exempted Securities**”):

(i) shares of Common Stock actually issued upon the conversion of Preferred Stock;

Preferred Stock;

(ii) shares of Common Stock, Options or Convertible Securities issued as a dividend or distribution on

split-up or other distribution on shares of Common Stock that is covered by Subsection 4.5, 4.6, 4.7 or 4.8;

(iii) shares of Common Stock, Options or Convertible Securities issued by reason of a dividend, stock split,

the Corporation or any of its subsidiaries pursuant to a plan, agreement or arrangement approved by the Board of Directors of the Corporation, including the approval of a majority of the Preferred Directors (which majority shall include the Series B Director), or approved by the Requisite Holders;

(iv) shares of Common Stock or Options issued to employees or directors of, or consultants or advisors to,

of Common Stock actually issued upon the conversion or exchange of Convertible Securities, in each case provided such issuance is pursuant to the terms of such Option or Convertible Security;

(v) shares of Common Stock or Convertible Securities actually issued upon the exercise of Options or shares

(vi) shares of Common Stock, Options or Convertible Securities issued to banks, equipment lessors or other financial institutions, real property lessors, or to other persons engaged in the business of making loans, pursuant to a debt financing, equipment leasing or real property leasing transaction approved by the Board of Directors of the Corporation, including the approval of a majority of the Preferred Directors (which majority shall include the Series B Director), or approved by the Requisite Holders;

(vii) shares of Common Stock, Options or Convertible Securities issued to suppliers or third party service providers in connection with the provision of goods or services pursuant to transactions approved by the Board of Directors of the Corporation, including the approval of a majority of the Preferred Directors (which majority shall include the Series B Director), or approved by the Requisite Holders;

(viii) shares of Common Stock, Options or Convertible Securities issued pursuant to the acquisition of another corporation by the Corporation by merger, purchase of substantially all of the assets or other reorganization or to a joint venture agreement, provided that such issuances are approved by the Board of Directors of the Corporation, including a majority of the Preferred Directors (which majority shall include the Series B Director), or approved by the Requisite Holders;

(ix) shares of Common Stock, Options or Convertible Securities issued in connection with sponsored research, collaboration, technology license, development, OEM, marketing or other similar agreements or strategic partnerships approved by the Board of Directors of the Corporation, including a majority of the Preferred Directors (which majority shall include the Series B Director), or approved by the Requisite Holders;

(x) shares of Series B Preferred Stock issued pursuant to the Purchase Agreement; and

(xi) shares of Common Stock issued or issuable in a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, before which or in connection with which all outstanding shares of Preferred Stock will be automatically converted into Common Stock pursuant to Section 5.1 below.

4.4.2 No Adjustment of Conversion Price; Additional Limitation. No adjustment in the applicable Conversion Price shall be made as the result of the issuance or deemed issuance of Additional Shares of Common Stock if the Corporation receives written notice from holders of each of (i) the Requisite Holders and (ii) at least sixty-five percent (65%) of the outstanding shares of Series B Preferred Stock (voting as a separate class, on an as-converted to Common Stock basis) agreeing that no such adjustment shall be made as the result of the issuance or deemed issuance of such Additional Shares of Common Stock. For the avoidance of doubt, in no event shall there be any adjustment to the Conversion Price of any series of Preferred Stock if the issuance (or deemed issuance) of the applicable shares causing such adjustment has been previously approved by each of (i) the Requisite

Holders and (ii) the holders of at least sixty-five percent (65%) of the outstanding shares of Series B Preferred Stock.

#### 4.4.3 Deemed Issue of Additional Shares of Common Stock.

(a) If the Corporation at any time or from time to time after the Series B Original Issue Date shall issue any Options or Convertible Securities (excluding Options or Convertible Securities which are themselves Exempted Securities) or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares of Common Stock (as set forth in the instrument relating thereto, assuming the satisfaction of any conditions to exercisability, convertibility or exchangeability but without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date.

(b) If the terms of any Option or Convertible Security, the issuance of which resulted in an adjustment to the applicable Conversion Price pursuant to the terms of Subsection 4.4.4, are revised as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (1) any increase or decrease in the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any such Option or Convertible Security or (2) any increase or decrease in the consideration payable to the Corporation upon such exercise, conversion and/or exchange, then, effective upon such increase or decrease becoming effective, the applicable Conversion Price computed upon the original issue of such Option or Convertible Security (or upon the occurrence of a record date with respect thereto) shall be readjusted to the applicable Conversion Price as would have obtained had such revised terms been in effect upon the original date of issuance of such Option or Convertible Security. Notwithstanding the foregoing, no readjustment pursuant to this clause (b) shall have the effect of increasing the applicable Conversion Price to an amount which exceeds the lower of (i) the applicable Conversion Price in effect immediately prior to the original adjustment made as a result of the issuance of such Option or Convertible Security, or (ii) the applicable Conversion Price that would have resulted from any issuances of Additional Shares of Common Stock (other than deemed issuances of Additional Shares of Common Stock as a result of the issuance of such Option or Convertible Security) between the original adjustment date and such readjustment date.

(c) If the terms of any Option or Convertible Security (excluding Options or Convertible Securities which are themselves Exempted Securities), the issuance of which did not result in an adjustment to the applicable Conversion Price pursuant to the terms of Subsection 4.4.4 (either because the consideration per share (determined pursuant to Subsection 4.4.5) of the Additional Shares of Common Stock subject thereto was equal to or greater than the applicable Conversion Price then in effect, or because such Option or Convertible Security was issued before the Series B Original Issue Date), are revised after the Series B Original

Issue Date as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (1) any increase in the number of shares of Common Stock issuable upon the exercise, conversion or exchange of any such Option or Convertible Security or (2) any decrease in the consideration payable to the Corporation upon such exercise, conversion or exchange, then such Option or Convertible Security, as so amended or adjusted, and the Additional Shares of Common Stock subject thereto (determined in the manner provided in Subsection 4.4.3(a)) shall be deemed to have been issued effective upon such increase or decrease becoming effective.

(d) Upon the expiration or termination of any unexercised Option or unconverted or unexchanged Convertible Security (or portion thereof) which resulted (either upon its original issuance or upon a revision of its terms) in an adjustment to the applicable Conversion Price pursuant to the terms of Subsection 4.4.4, the applicable Conversion Price shall be readjusted to the applicable Conversion Price as would have obtained had such Option or Convertible Security (or portion thereof) never been issued.

(e) If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, is calculable at the time such Option or Convertible Security is issued or amended but is subject to adjustment based upon subsequent events, any adjustment to the applicable Conversion Price provided for in this Subsection 4.4.3 shall be effected at the time of such issuance or amendment based on such number of shares or amount of consideration without regard to any provisions for subsequent adjustments (and any subsequent adjustments shall be treated as provided in clauses (b) and (c) of this Subsection 4.4.3). If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, cannot be calculated at all at the time such Option or Convertible Security is issued or amended, any adjustment to the applicable Conversion Price that would result under the terms of this Subsection 4.4.3 at the time of such issuance or amendment shall instead be effected at the time such number of shares and/or amount of consideration is first calculable (even if subject to subsequent adjustments), assuming for purposes of calculating such adjustment to the applicable Conversion Price that such issuance or amendment took place at the time such calculation can first be made.

4.4.4 Adjustment of the Conversion Price Upon Issuance of Additional Shares of Common Stock. In the event the Corporation shall at any time after the Series B Original Issue Date issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Subsection 4.4.3), without consideration or for a consideration per share less than the applicable Conversion Price in effect immediately prior to such issue, then the applicable Conversion Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest one-hundredth of a cent) determined in accordance with the following formula:

$$CP_2 = CP_1 * (A + B) \div (A + C).$$

For purposes of the foregoing formula, the following definitions shall apply:

Common Stock; (i) "CP<sub>2</sub>" shall mean the applicable Conversion Price in effect immediately after such issue of Additional Shares of

Common Stock; (ii) "CP<sub>1</sub>" shall mean the applicable Conversion Price in effect immediately prior to such issue of Additional Shares of

(iii) "A" shall mean the number of shares of Common Stock outstanding immediately prior to such issue of Additional Shares of Common Stock (treating for this purpose as outstanding all shares of Common Stock issuable upon exercise of Options outstanding immediately prior to such issue or upon conversion or exchange of Convertible Securities (including the Preferred Stock) outstanding (assuming exercise of any outstanding Options therefor) immediately prior to such issue);

(iv) "B" shall mean the number of shares of Common Stock that would have been issued if such Additional Shares of Common Stock had been issued at a price per share equal to CP<sub>1</sub> (determined by dividing the aggregate consideration received by the Corporation in respect of such issue by CP<sub>1</sub>); and

(v) "C" shall mean the number of such Additional Shares of Common Stock issued in such transaction.

4.4.5 Determination of Consideration. For purposes of this Subsection 4.4, the consideration received by the Corporation for the issue of any Additional Shares of Common Stock shall be computed as follows:

(a) Cash and Property: Such consideration shall:

(i) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Corporation, excluding amounts paid or payable for accrued interest;

(ii) insofar as it consists of property other than cash, be computed at the fair market value thereof at the time of such issue, as determined in good faith by the Board of Directors of the Corporation, including a majority of the Preferred Directors as determined in good faith;

(iii) in the event Additional Shares of Common Stock are issued together with other shares or securities or other assets of the Corporation for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (i) and (ii) above, as determined in good faith by the Board of Directors of the Corporation, including a majority of the Preferred Directors (which majority shall include the Series B Director) as determined in good faith, or as determined in good faith by the Requisite Holders.

(b) Options and Convertible Securities. The consideration per share received by the Corporation for Additional Shares of Common Stock deemed to have been issued pursuant to Subsection 4.4.3, relating to Options and Convertible Securities, shall be determined by dividing:



(i) the total amount, if any, received or receivable by the Corporation as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Corporation upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by

(ii) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities.

4.4.6 Multiple Closing Dates. In the event the Corporation shall issue on more than one date Additional Shares of Common Stock that are a part of one transaction or a series of related transactions and that would result in an adjustment to the applicable Conversion Price pursuant to the terms of Subsection 4.4.4, and such issuance dates occur within a period of no more than ninety (90) days from the first such issuance to the final such issuance, then, upon the final such issuance, the applicable Conversion Price shall be readjusted to give effect to all such issuances as if they occurred on the date of the first such issuance (and without giving effect to any additional adjustments as a result of any such subsequent issuances within such period).

4.5 Adjustment for Stock Splits and Combinations. If the Corporation shall at any time or from time to time after the Series B Original Issue Date effect a subdivision of the outstanding Common Stock, the applicable Conversion Price in effect immediately before that subdivision shall be proportionately decreased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be increased in proportion to such increase in the aggregate number of shares of Common Stock outstanding. If the Corporation shall at any time or from time to time after the Series B Original Issue Date combine the outstanding shares of Common Stock, the applicable Conversion Price in effect immediately before the combination shall be proportionately increased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be decreased in proportion to such decrease in the aggregate number of shares of Common Stock outstanding. Any adjustment under this subsection shall become effective at the close of business on the date the subdivision or combination becomes effective.

4.6 Adjustment for Certain Dividends and Distributions. In the event the Corporation at any time or from time to time after the Series B Original Issue Date shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable on the Common Stock in additional shares of Common Stock, then and in each such event the applicable Conversion Price in effect immediately before such event shall be decreased as of the time of such issuance or, in the event such a record date

shall have been fixed, as of the close of business on such record date, by multiplying the applicable Conversion Price then in effect by a fraction:

(1) the numerator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and

(2) the denominator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution.

Notwithstanding the foregoing (a) if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the applicable Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter the applicable Conversion Price shall be adjusted pursuant to this subsection as of the time of actual payment of such dividends or distributions; and (b) that no such adjustment shall be made if the holders of Preferred Stock simultaneously receive a dividend or other distribution of shares of Common Stock in a number equal to the number of shares of Common Stock as they would have received if all outstanding shares of Preferred Stock had been converted into Common Stock on the date of such event.

4.7 Adjustments for Other Dividends and Distributions. In the event the Corporation at any time or from time to time after the Series B Original Issue Date shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Corporation (other than a distribution of shares of Common Stock in respect of outstanding shares of Common Stock) or in other property and the provisions of Section 1 do not apply to such dividend or distribution, then and in each such event the holders of Preferred Stock shall receive, simultaneously with the distribution to the holders of Common Stock, a dividend or other distribution of such securities or other property in an amount equal to the amount of such securities or other property as they would have received if all outstanding shares of Preferred Stock had been converted into Common Stock on the date of such event.

4.8 Adjustment for Merger or Reorganization, etc. Subject to the provisions of Subsection 2.5, if there shall occur any reorganization, recapitalization, reclassification, consolidation or merger involving the Corporation in which the Common Stock (but not the Preferred Stock) is converted into or exchanged for securities, cash or other property (other than a transaction covered by Subsections 4.4, 4.6 or 4.7), then, following any such reorganization, recapitalization, reclassification, consolidation or merger, each share of Preferred Stock shall thereafter be convertible in lieu of the Common Stock into which it was convertible prior to such event into the kind and amount of securities, cash or other property which a holder of the number of shares of Common Stock of the Corporation issuable upon conversion of one share of Preferred Stock immediately prior to such reorganization, recapitalization, reclassification, consolidation or merger would have been entitled to receive pursuant to such transaction; and, in such case, appropriate adjustment (as determined in good faith by the Board of Directors of the Corporation) shall be made in the application of the provisions in this Section

4 with respect to the rights and interests thereafter of the holders of Preferred Stock, to the end that the provisions set forth in this Section 4 (including provisions with respect to changes in and other adjustments of the applicable Conversion Price) shall thereafter be applicable, as nearly as reasonably may be, in relation to any securities or other property thereafter deliverable upon the conversion of the Preferred Stock. For the avoidance of doubt, nothing in this Subsection 4.8 shall be construed as preventing the holders of Preferred Stock from seeking any appraisal rights to which they are otherwise entitled under the General Corporation Law in connection with a merger triggering an adjustment hereunder, nor shall this Subsection 4.8 be deemed conclusive evidence of the fair value of the shares of Preferred Stock in any such appraisal proceeding.

4.9 Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the applicable Conversion Price pursuant to this Section 4, the Corporation at its expense shall, as promptly as reasonably practicable but in any event not later than ten (10) days thereafter, compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of Preferred Stock a certificate setting forth such adjustment or readjustment (including the kind and amount of securities, cash or other property into which the Preferred Stock is convertible) and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, as promptly as reasonably practicable after the written request at any time of any holder of Preferred Stock (but in any event not later than ten (10) days thereafter), furnish or cause to be furnished to such holder a certificate setting forth (i) the applicable Conversion Price then in effect, and (ii) the number of shares of Common Stock and the amount, if any, of other securities, cash or property which then would be received upon the conversion of Preferred Stock.

4.10 Notice of Record Date. In the event:

(a) the Corporation shall take a record of the holders of its Common Stock (or other capital stock or securities at the time issuable upon conversion of the Preferred Stock) for the purpose of entitling or enabling them to receive any dividend or other distribution, or to receive any right to subscribe for or purchase any shares of capital stock of any class or any other securities, or to receive any other security; or

(b) of any capital reorganization of the Corporation, any reclassification of the Common Stock of the Corporation, or any Deemed Liquidation Event; or

(c) of the voluntary or involuntary dissolution, liquidation or winding-up of the Corporation,

then, and in each such case, the Corporation will send or cause to be sent to the holders of the Preferred Stock a notice specifying, as the case may be, (i) the record date for such dividend, distribution or right, and the amount and character of such dividend, distribution or right, or (ii) the effective date on which such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up is proposed to take place, and the time, if any is to be fixed, as of which the holders of record of Common Stock (or such other capital stock or securities at the time issuable upon the conversion of the Preferred Stock) shall be entitled to exchange their shares of Common Stock (or such other capital stock or securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, transfer, dissolution,

liquidation or winding-up, and the amount per share and character of such exchange applicable to the Preferred Stock and the Common Stock. Such notice shall be sent at least ten (10) days prior to the record date or effective date for the event specified in such notice; provided that, in either case, such notice period may be shortened and/or notice may be waived upon the Corporation's receipt of written consent of the Requisite Holders.

5. Mandatory Conversion.

5.1 Trigger Events. Upon either (a) the closing of the sale of shares of Common Stock to the public in a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, which offering results in at least \$100,000,000 of gross proceeds to the Corporation or such offering is otherwise approved by vote or written consent of the Requisite Holders (a "**Qualified IPO**"), or (b) the date and time, or the occurrence of an event, specified by vote or written consent of each of (i) the Requisite Holders and (ii) holders of at least sixty-five percent (65%) of the outstanding shares of Series B Preferred Stock (the time of such closing or the date and time specified or the time of the event specified in such vote or written consent is referred to herein as the "**Mandatory Conversion Time**"), then (i) all outstanding shares of Preferred Stock shall automatically be converted into shares of Common Stock, at the then effective conversion rate as calculated pursuant to Subsection 4.1.1, and (ii) such shares may not be reissued by the Corporation.

5.2 Procedural Requirements. All holders of record of shares of Preferred Stock shall be sent written notice of the Mandatory Conversion Time and the place designated for mandatory conversion of all such shares of Preferred Stock pursuant to this Section 5. Such notice need not be sent in advance of the occurrence of the Mandatory Conversion Time. Upon receipt of such notice, each holder of shares of Preferred Stock in certificated form shall surrender his, her or its certificate or certificates for all such shares (or, if such holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate) to the Corporation at the place designated in such notice. If so required by the Corporation, any certificates surrendered for conversion shall be endorsed or accompanied by written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or by his, her or its attorney duly authorized in writing. All rights with respect to the Preferred Stock converted pursuant to Subsection 5.1, including the rights, if any, to receive notices and vote (other than as a holder of Common Stock), will terminate at the Mandatory Conversion Time (notwithstanding the failure of the holder or holders thereof to surrender any certificates at or prior to such time), except only the rights of the holders thereof, upon surrender of any certificate or certificates of such holders (or lost certificate affidavit and agreement) therefor, to receive the items provided for in the next sentence of this Subsection 5.2. As soon as practicable after the Mandatory Conversion Time and, if applicable, the surrender of any certificate or certificates (or lost certificate affidavit and agreement) for Preferred Stock, the Corporation shall (a) issue and deliver to such holder, or to his, her or its nominees, a certificate or certificates for the number of full shares of Common Stock issuable on such conversion in accordance with the provisions hereof and (b) pay cash as provided in Subsection 4.2 in lieu of any fraction of a share of Common Stock otherwise issuable upon such conversion and the payment of any declared but unpaid dividends on the shares of Preferred Stock converted. Such converted Preferred Stock

shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of Preferred Stock accordingly.

6. Redemption.

6.1 Series Seed Preferred Stock and Series A Preferred Stock. The Series Seed Preferred Stock and the Series A Preferred Stock are not redeemable except in accordance with Subsection 2.5.2(b).

6.2 Series B Preferred Stock.

6.2.1 Redemption Request. Unless prohibited by Delaware law governing distributions to stockholders, if the Qualified IPO does not occur by the second anniversary of the Series B Original Issue Date, shares of Series B Preferred Stock shall be redeemed by the Corporation at a price equal to the greater of (i) the Series B Original Issue Price and (ii) the Fair Market Value (determined in the manner set forth below) of a single share of Series B Preferred Stock as of the date of the Corporation's receipt of the Redemption Request (the "**Redemption Price**"), in three (3) annual installments commencing not more than sixty (60) days after receipt by the Corporation, at any time on or after the second anniversary of the Series B Original Issue Date, of written notice from the holders of a majority of the outstanding shares of Series B Preferred Stock (voting together as a separate class) requesting redemption of all shares of Series B Preferred Stock (the "**Redemption Request**"). Upon receipt of a Redemption Request, the Corporation shall apply all of its assets to any such redemption, and to no other corporate purpose, except to the extent prohibited by Delaware law governing distributions to stockholders. For purposes of this Subsection 6.2.1, the Fair Market Value of a single share of Series B Preferred Stock shall be the value of a single share of Series B Preferred Stock as mutually agreed upon by the Corporation and the holders of a majority of the shares of Series B Preferred Stock then outstanding, and, in the event that they are unable to reach agreement, by a third-party appraiser agreed to by the Corporation and the holders of a majority of the shares of Series B Preferred Stock then outstanding. The date of each such installment provided in the Redemption Notice (as defined below) shall be referred to as a "**Redemption Date**." On each Redemption Date, the Corporation shall redeem, on a pro rata basis in accordance with the number of shares of Series B Preferred Stock owned by each holder, that number of outstanding shares of Series B Preferred Stock determined by dividing (i) the total number of shares of Series B Preferred Stock outstanding immediately prior to such Redemption Date by (ii) the number of remaining Redemption Dates (including the Redemption Date to which such calculation applies). If on any Redemption Date Delaware law governing distributions to stockholders prevents the Corporation from redeeming all shares of Series B Preferred Stock to be redeemed, the Corporation shall ratably redeem the maximum number of shares that it may redeem consistent with such law, and shall redeem the remaining shares as soon as it may lawfully do so under such law.

6.2.2 Redemption Notice. The Corporation shall send written notice of the mandatory redemption (the "**Redemption Notice**") to each holder of

record of Series B Preferred Stock not less than forty (40) days prior to each Redemption Date. Each Redemption Notice shall state:

- (a) the number of shares of Series B Preferred Stock held by the holder that the Corporation shall redeem on the Redemption Date specified in the Redemption Notice;
- (b) the Redemption Date and the Redemption Price;
- (c) the date upon which the holder's right to convert such shares terminates (as determined in accordance with Subsection 4.1); and
- (d) for holders of shares in certificated form, that the holder is to surrender to the Corporation, in the manner and at the place designated, his, her or its certificate or certificates representing the shares of Series B Preferred Stock to be redeemed.

6.2.3 Surrender of Certificates; Payment. On or before the applicable Redemption Date, each holder of shares of Series B Preferred Stock to be redeemed on such Redemption Date, unless such holder has exercised his, her or its right to convert such shares as provided in Section 4, shall, if a holder of shares in certificated form, surrender the certificate or certificates representing such shares (or, if such registered holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate) to the Corporation, in the manner and at the place designated in the Redemption Notice, and thereupon the Redemption Price for such shares shall be payable to the order of the person whose name appears on such certificate or certificates as the owner thereof. In the event less than all of the shares of Series B Preferred Stock represented by a certificate are redeemed, a new certificate, instrument, or book entry representing the unredeemed shares of Series B Preferred Stock shall promptly be issued to such holder.

6.2.4 Interest. If any shares of Preferred Stock are not redeemed for any reason on any Redemption Date, all such unredeemed shares shall remain outstanding and entitled to all the rights and preferences provided herein, and the Corporation shall pay interest on the Redemption Price applicable to such unredeemed shares at an aggregate per annum rate equal to ten percent (10% (increased by one percent (1%) each month following the Redemption Date until the Redemption Price, and any interest thereon, is paid in full), with such interest to accrue daily in arrears and be compounded quarterly; provided, however, that in no event shall such interest exceed the maximum permitted rate of interest under applicable law (the "**Maximum Permitted Rate**"), provided, however, that the Corporation shall take all such actions as may be necessary, including without limitation, making any applicable governmental filings, to cause the Maximum Permitted Rate to be the highest possible rate. In the event any provision hereof would result in the rate of interest payable hereunder being in excess of the Maximum Permitted Rate, the amount of interest required to be paid hereunder shall automatically be reduced to eliminate such excess; provided, however, that any

subsequent increase in the Maximum Permitted Rate shall be retroactively effective to the applicable Redemption Date to the extent permitted by law.

6.2.5 Rights Subsequent to Redemption. If the Redemption Notice shall have been duly given, and if on the applicable Redemption Date the Redemption Price payable upon redemption of the shares of Series B Preferred Stock to be redeemed on such Redemption Date is paid or tendered for payment or deposited with an independent payment agent so as to be available therefor in a timely manner, then notwithstanding that any certificates evidencing any of the shares of Series B Preferred Stock so called for redemption shall not have been surrendered, dividends with respect to such shares of Series B Preferred Stock shall cease to accrue after such Redemption Date and all rights with respect to such shares shall forthwith after the Redemption Date terminate, except only the right of the holders to receive the Redemption Price without interest upon surrender of any such certificate or certificates therefor.

7. Redeemed or Otherwise Acquired Shares. Any shares of Preferred Stock that are redeemed or otherwise acquired by the Corporation or any of its subsidiaries shall be automatically and immediately cancelled and retired and shall not be reissued, sold or transferred. Neither the Corporation nor any of its subsidiaries may exercise any voting or other rights granted to the holders of Preferred Stock following redemption.

8. Waiver. Any of the rights, powers, preferences and other terms of the Series A Preferred Stock set forth herein may be waived on behalf of all holders of Series A Preferred Stock by the affirmative written consent or vote of sixty percent (60%) of the then-outstanding shares of Series A Preferred Stock. Any of the rights, powers, preferences and other terms of the Series B Preferred Stock set forth herein may be waived on behalf of all holders of Series B Preferred Stock by the affirmative written consent or vote of at least sixty-five percent (65%) of the then-outstanding shares of Series B Preferred Stock. Any right of a stockholder herein may be waived by such stockholder on such stockholder's own behalf, without the consent of any other person or entity.

9. Notices. Any notice required or permitted by the provisions of this Article Fourth to be given to a holder of shares of Preferred Stock shall be mailed, postage prepaid, to the post office address last shown on the records of the Corporation, or given by electronic communication in compliance with the provisions of the General Corporation Law, and shall be deemed sent upon such mailing or electronic transmission.

**FIFTH:** Subject to any additional vote required by the Certificate of Incorporation or Bylaws, in furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to make, repeal, alter, amend and rescind any or all of the Bylaws of the Corporation.

**SIXTH:** Subject to any additional vote required by the Certificate of Incorporation, the number of directors of the Corporation shall be determined in the manner set forth in the Bylaws of the Corporation.

**SEVENTH:** Elections of directors need not be by written ballot unless the Bylaws of the Corporation shall so provide.

**EIGHTH:** Meetings of stockholders may be held within or without the State of Delaware, as the Bylaws of the Corporation may provide. The books of the Corporation may be kept outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the Bylaws of the Corporation.

**NINTH:** To the fullest extent permitted by law, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. If the General Corporation Law or any other law of the State of Delaware is amended after approval by the stockholders of this Article Ninth to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the General Corporation Law as so amended.

Any repeal or modification of the foregoing provisions of this Article Ninth by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of, or increase the liability of any director of the Corporation with respect to any acts or omissions of such director occurring prior to, such repeal or modification.

**TENTH:** To the fullest extent permitted by applicable law, the Corporation is authorized to provide indemnification of (and advancement of expenses to) directors, officers and agents of the Corporation (and any other persons to which General Corporation Law permits the Corporation to provide indemnification) through Bylaw provisions, agreements with such agents or other persons, vote of stockholders or disinterested directors or otherwise, in excess of the indemnification and advancement otherwise permitted by Section 145 of the General Corporation Law.

Any amendment, repeal or modification of the foregoing provisions of this Article Tenth shall not adversely affect any right or protection of any director, officer or other agent of the Corporation existing at the time of such amendment, repeal or modification.

**ELEVENTH:** The Corporation renounces, to the fullest extent permitted by law, any interest or expectancy of the Corporation in, or in being offered an opportunity to participate in, any Excluded Opportunity; provided that the Covered Person (as defined below) acts in good faith. An “**Excluded Opportunity**” is any matter, transaction or interest that is presented to, or acquired, created or developed by, or which otherwise comes into the possession of (i) any director of the Corporation who is not an employee of the Corporation or any of its subsidiaries, or (ii) any holder of Preferred Stock or any partner, member, director, stockholder, employee or agent of any such holder, other than someone who is an employee of the Corporation or any of its subsidiaries (collectively, “**Covered Persons**”), unless such matter, transaction or interest is presented to, or acquired, created or developed by, or otherwise comes into the possession of, a Covered Person expressly and solely in such Covered Person’s capacity as a director of the Corporation.



**TWELFTH:** Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery in the State of Delaware shall be the sole and exclusive forum for any stockholder (including a beneficial owner) to bring (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of fiduciary duty owed by any director, officer or other employee of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim against the Corporation, its directors, officers or employees arising pursuant to any provision of the Delaware General Corporation Law or the Corporation's certificate of incorporation or bylaws or (iv) any action asserting a claim against the Corporation, its directors, officers or employees governed by the internal affairs doctrine, except for, as to each of (i) through (iv) above, any claim as to which the Court of Chancery determines that there is an indispensable party not subject to the jurisdiction of the Court of Chancery (and the indispensable party does not consent to the personal jurisdiction of the Court of Chancery within ten days following such determination), which is vested in the exclusive jurisdiction of a court or forum other than the Court of Chancery, or for which the Court of Chancery does not have subject matter jurisdiction. If any provision or provisions of this Article Twelfth shall be held to be invalid, illegal or unenforceable as applied to any person or entity or circumstance for any reason whatsoever, then, to the fullest extent permitted by law, the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Article Twelfth (including, without limitation, each portion of any sentence of this Article Twelfth containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) and the application of such provision to other persons or entities and circumstances shall not in any way be affected or impaired thereby.

**THIRTEENTH:** For purposes of Section 500 of the California Corporations Code (to the extent applicable), in connection with any repurchase of shares of Common Stock permitted under this Certificate of Incorporation from employees, officers, directors or consultants of the Corporation in connection with a termination of employment or services pursuant to agreements or arrangements approved by the Board of Directors (in addition to any other consent required under this Certificate of Incorporation), such repurchase may be made without regard to any "preferential dividends arrears amount" or "preferential rights amount" (as those terms are defined in Section 500 of the California Corporations Code). Accordingly, for purposes of making any calculation under California Corporations Code Section 500 in connection with such repurchase, the amount of any "preferential dividends arrears amount" or "preferential rights amount" (as those terms are defined therein) shall be deemed to be zero (0).

\* \* \*

3. That the foregoing amendment and restatement was approved by the holders of the requisite number of shares of this corporation in accordance with Section 228 of the General Corporation Law.

4. That this Amended and Restated Certificate of Incorporation, which restates and integrates and further amends the provisions of this Corporation's Certificate of Incorporation, has been duly adopted in accordance with Sections 242 and 245 of the General Corporation Law.

**IN WITNESS WHEREOF**, this Amended and Restated Certificate of Incorporation has been executed by a duly authorized officer of this corporation on this 20th day of July, 2018.

By: /s/ Faheem Hasnain

Name: Faheem Hasnain

Title: Chief Executive Officer

**CERTIFICATE OF AMENDMENT  
OF  
AMENDED AND RESTATED CERTIFICATE OF INCORPORATION**

Gossamer Bio, Inc. (the "**Corporation**") originally filed its Certificate of Incorporation with the Secretary of State of Delaware on October 26, 2015, and is organized and existing under the General Corporation Law of the State of Delaware, hereby certifies as follows:

1. That the Board of Directors of said Corporation duly adopted resolutions proposing and declaring advisable the following amendments of the Amended and Restated Certificate of Incorporation (as amended, the "**Certificate**") of said Corporation. The resolutions setting forth the proposed amendments are as follows:

**RESOLVED**, that the first paragraph of Article Fourth of the Certificate is hereby amended and restated in their entirety as follows:

"The total number of shares of all classes of stock which the Corporation shall have authority to issue is (i) 232,404,646 shares of Common Stock, \$0.0001 par value per share ("**Common Stock**"), and (ii) 137,220,799 shares of Preferred Stock, \$0.0001 par value per share ("**Preferred Stock**")."

2. That thereafter, pursuant to a resolution of the Board of Directors and in lieu of a meeting of stockholders, the stockholders gave their approval of said amendment by written consent in accordance with the provisions of Section 228 of the General Corporation Law of the State of Delaware.

3. That said amendment was duly adopted in accordance with the provisions of Sections 242 and 228 of the General Corporation Law of the State of Delaware.

4. That said amendment shall be executed, filed and recorded in accordance with Section 103 of the General Corporation Law of the State of Delaware.

*[Remainder of Page Intentionally Left Blank]*

**IN WITNESS WHEREOF**, this Certificate of Amendment has been executed by a duly authorized officer of the Corporation on this 18th day of December, 2018.

By: /s/ Sheila Gujrathi

Name: Sheila Gujrathi

Title: President and Chief Executive Officer

**BYLAWS**

**OF**

**GOSSAMER BIO, INC.**  
**(a Delaware corporation)**

**Adopted as of October 26, 2015**

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**ARTICLE I.  
IDENTIFICATION; OFFICES**

SECTION 1. NAME. The name of the corporation is Gossamer Bio, Inc. (the "Corporation").

SECTION 2. PRINCIPAL AND BUSINESS OFFICES. The Corporation may have such principal and other business offices, either within or outside of the state of Delaware, as the Board of Directors may designate or as the Corporation's business may require from time to time.

SECTION 3. REGISTERED AGENT AND OFFICE. The Corporation's registered agent may be changed from time to time by or under the authority of the Board of Directors. The address of the Corporation's registered agent may change from time to time by or under the authority of the Board of Directors, or the registered agent. The business office of the Corporation's registered agent shall be identical to the registered office. The Corporation's registered office may be but need not be identical with the Corporation's principal office in the state of Delaware. The Corporation's initial registered office shall be in the City of Wilmington, County of New Castle, State of Delaware.

SECTION 4. PLACE OF KEEPING CORPORATE RECORDS. The records and documents required by law to be kept by the Corporation permanently shall be kept at the Corporation's principal office or as the Board of Directors may designate.

**ARTICLE II.  
STOCKHOLDERS**

SECTION 1. ANNUAL MEETING. An annual meeting of the stockholders shall be held on such date as may be designated by the Board of Directors, the Chairman of the Board, the Chief Executive Officer or the President. At each annual meeting, the stockholders shall elect directors to hold office for the term provided in Section 2 of Article III of these Bylaws and transact such other business as may properly be brought before the meeting.

SECTION 2. SPECIAL MEETING. A special meeting of the stockholders for any purpose or purposes may be called at any time only by the President, the Board of Directors, the Chairman of the Board, the Chief Executive Officer or any other person designated by the Board of Directors. The Board of Directors may postpone or reschedule any previously scheduled special meeting of stockholders. Business transacted at any special meeting of stockholders shall be limited to matters relating to the purpose or purposes stated in the notice of meeting.

SECTION 3. PLACE OF STOCKHOLDER MEETINGS. The Board of Directors, the Chairman of the Board, the Chief Executive Officer or the President may designate any place, either within or without the State of Delaware, as the place of meeting for any annual meeting or for any special meeting. If no such place is designated by the Board of Directors, the place of meeting will be the principal business office of the Corporation or the Board of Directors may, in its sole discretion, determine that the meeting shall not be held at any place, but will instead be held solely by means of remote communication as provided under Section 211 of the Delaware General Corporation Law.

SECTION 4. NOTICE OF MEETINGS. Except as otherwise provided by law or waived as herein provided, whenever stockholders are required or permitted to take any action at a meeting, whether annual or special, written notice of the meeting shall be given stating the place, if any, date and hour of the meeting, the means of remote communications, if any, by which stockholders may be deemed to be present in person and vote at such meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Such written notice shall be given not less than ten (10) days nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at the meeting. If mailed, notice is given when deposited in the United States mail, postage prepaid, directed to the stockholder at the stockholder's address as it appears on the records of the Corporation. If electronically transmitted (in a manner consistent with Section 232 of the Delaware General Corporation Law), then notice is deemed given when transmitted and directed to a facsimile number or electronic mail address at which the stockholder has consented to receive notice. An affidavit of the Secretary or of the transfer agent or other agent of the Corporation that the notice has been given by a form of electronic transmission shall, in the absence of fraud, be *prima facie* evidence of the facts stated therein.

When a meeting is adjourned to reconvene at the same or another place, if any, or by means of remote communications, if any, in accordance with Section 6 of Article II of these Bylaws, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken.

SECTION 5. QUORUM. Unless otherwise provided by law, the Corporation's Certificate of Incorporation or these Bylaws, the holders of a majority in voting power of the shares of the capital stock of the corporation issued and outstanding and entitled to vote at the meeting, present in person, present by means of remote communication in a manner, if any, authorized by the Board of Directors in its sole discretion, or represented by proxy, shall constitute a quorum for the transaction of business; provided, however, that where a separate vote by a class or classes or series of capital stock is required by law or the Certificate of Incorporation, the holders of a majority in voting power of the shares of such class or classes or series of the capital stock of the corporation issued and outstanding and entitled to vote on such matter, present in person, present by means of remote communication in a manner, if any, authorized by the Board of Directors in its sole discretion, or represented by proxy, shall constitute a quorum entitled to take action with respect to the vote on such matter. If a quorum is present in person or represented by proxy at such meeting, such stockholders may continue to transact business until adjournment, notwithstanding the withdrawal of such number of stockholders as may leave less than a quorum.

SECTION 6. ADJOURNED MEETINGS. Any meeting of stockholders may be adjourned from time to time to any other time and to any other place (or by means of remote communications, if any) at which a meeting of stockholders may be held under these Bylaws by the chairman of the meeting or by a majority of the stockholders present or represented at the meeting and entitled to vote, although less than a quorum. It shall not be necessary to notify any stockholder of any adjournment of less than thirty (30) days if the time and place, if any, of the adjourned meeting, and the means of remote communication, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting, are announced at the meeting at which adjournment is taken, unless after the adjournment a new

record date is fixed for the adjourned meeting. At the adjourned meeting, the corporation may transact any business which might have been transacted at the original meeting.

SECTION 7. FIXING OF RECORD DATE.

(a) The Board of Directors may fix in advance a date as a record date for the determination of the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof. Such record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than sixty (60) days nor less than ten (10) days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

(b) For the purpose of determining stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is established by the Board of Directors, and which date shall not be more than ten (10) days after the date on which the resolution fixing the record date is adopted by the Board of Directors. If no record date has been fixed by the Board of Directors, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal office, or an officer or agent of the Corporation having custody of the book in which the proceedings of meetings of stockholders are recorded. Delivery to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by law, the record date for determining stockholders' consent to corporate action in writing without a meeting shall be the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

(c) For the purpose of determining the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect to any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix the record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining the stockholders for any such purpose shall be the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

SECTION 8. VOTING LIST. The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, for a period of at least ten (10) days prior to the meeting, (i) by a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the principal place of business of the Corporation. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to the stockholders of the Corporation. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting. Except as otherwise provided by law, such list shall be the only evidence as to the identity of stockholders entitled to examine the list of stockholders required by this Section 8 or to vote in person or by proxy at any meeting of the stockholders. The Corporation shall not be required to include electronic mail addresses or other electronic contact information on such list.

SECTION 9. VOTING. Unless otherwise provided by the Certificate of Incorporation, each stockholder shall be entitled to one vote for each share of capital stock held by each stockholder. When a quorum is present at any meeting, in all matters other than the election of directors, the affirmative vote of the majority of shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the stockholders, except when a different vote is required by law, the Certificate of Incorporation or these Bylaws. When a quorum is present at any meeting, directors shall be elected by plurality of the votes of the shares present in person or represented by a proxy at the meeting entitled to vote on the election of directors.

SECTION 10. PROXIES. Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting (including by means of remote communications, if any, by which stockholders may be deemed to be present in person and vote at such meeting) may authorize another person or persons to act for him by proxy (executed or transmitted in a manner permitted by the Delaware General Corporation Law), but no such proxy shall be voted or acted upon after three (3) years from its date, unless the proxy provides for a longer period. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A proxy may remain irrevocable regardless of whether the interest with which it is coupled is an interest in the stock itself or an interest in the Corporation generally.

SECTION 11. RATIFICATION OF ACTS OF DIRECTORS AND OFFICERS. Except as otherwise provided by law or by the Certificate of Incorporation of the Corporation, any transaction or contract or act of the Corporation or of the directors or the officers of the

Corporation may be ratified by the affirmative vote of the holders of the number of shares which would have been necessary to approve such transaction, contract or act at a meeting of stockholders, or by the written consent of stockholders in lieu of a meeting.

#### SECTION 12. CONDUCT OF MEETINGS.

(a) Chairman of Meeting. Meetings of stockholders shall be presided over by the Chairman of the Board, if any, or in the Chairman's absence by the Vice Chairman of the Board, if any, or in the Vice Chairman's absence by the Chief Executive Officer, or in the Chief Executive Officer's absence, by the President, or in the President's absence by a Vice President, or in the absence of all of the foregoing persons by a chairman designated by the Board of Directors, or in the absence of such designation by a chairman chosen by vote of the stockholders at the meeting. The Secretary shall act as secretary of the meeting, but in the Secretary's absence the chairman of the meeting may appoint any person to act as secretary of the meeting.

(b) Rules, Regulations and Procedures. The Board of Directors may adopt by resolution such rules, regulations and procedures for the conduct of any meeting of stockholders of the corporation as it shall deem appropriate including, without limitation, such guidelines and procedures as it may deem appropriate regarding the participation by means of remote communication of stockholders and proxyholders not physically present at a meeting. Except to the extent inconsistent with such rules, regulations and procedures as adopted by the Board of Directors, the chairman of any meeting of stockholders shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chairman of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders of record of the corporation, their duly authorized and constituted proxies or such other persons as shall be determined; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. Unless and to the extent determined by the Board of Directors or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

#### SECTION 13. ACTION WITHOUT MEETING.

(a) Any action required or permitted to be taken at any annual or special meeting of stockholders of the Corporation, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be delivered to the Corporation signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.

(b) Prompt notice of the taking of the corporate action without a meeting by less than unanimous consent shall be given to those stockholders who have not consented in

writing and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for such meeting had been the date that written consents signed by a sufficient number of holders to take the action were delivered to the corporation.

(c) A telegram, cablegram or other electronic transmission consenting to an action to be taken and transmitted by a stockholder or proxy holder, or by a person or persons authorized to act for a stockholder or proxy holder, shall be deemed to be written, signed and dated for the purposes of this section, provided that any such telegram, cablegram or other electronic transmission sets forth or is delivered with information from which the Corporation can determine (i) that the telegram, cablegram or other electronic transmission was transmitted by the stockholder or proxy holder or by a person or persons authorized to act for the stockholder or proxy holder and (ii) the date on which such stockholder or proxy holder or authorized person or persons transmitted such telegram, cablegram or electronic transmission. The date on which such telegram, cablegram or electronic transmission is transmitted shall be deemed to be the date on which such consent was signed. No consent given by telegram, cablegram or other electronic transmission shall be deemed to have been delivered until such consent is reproduced in paper form and until such paper form shall be delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business or to an officer or agent of the Corporation having custody of the book in which the proceedings of meetings of stockholders are recorded. Any copy, facsimile or other reliable reproduction of a consent in writing may be substituted or used in lieu of the original writing for any and all purposes for which the original writing could be used, provided that such copy, facsimile or other reproduction shall be a complete reproduction of the entire original writing.

### **ARTICLE III. DIRECTORS**

SECTION 1. GENERAL POWERS. The business and affairs of the corporation shall be managed by or under the direction of a Board of Directors, who may exercise all of the powers of the corporation except as otherwise provided by law or the Certificate of Incorporation.

SECTION 2. NUMBER AND TENURE OF DIRECTORS. Subject to the rights of holders of any series of preferred stock to elect directors, the number of directors of the Corporation shall be determined from time to time by the stockholders or the Board of Directors. Each director shall hold office until the next annual meeting of stockholders and until such director's successor is elected and qualified or until such director's earlier death, resignation or removal.

SECTION 3. ELECTION OF DIRECTORS. Except as otherwise provided in these Bylaws, directors shall be elected at the annual meeting of stockholders by such stockholders as have the right to vote on such election. Directors need not be residents of the State of Delaware. Directors need not be stockholders of the corporation. Elections of directors need not be by written ballot.

SECTION 4. CHAIRMAN OF THE BOARD; VICE CHAIRMAN OF THE BOARD. The Board of Directors may appoint from its members a Chairman of the Board and a Vice

Chairman of the Board, neither of whom need be an employee or officer of the corporation. If the Board of Directors appoints a Chairman of the Board, such Chairman shall perform such duties and possess such powers as are assigned by the Board of Directors. If the Board of Directors appoints a Vice Chairman of the Board, such Vice Chairman shall perform such duties and possess such powers as are assigned by the Board of Directors. Unless otherwise provided by the Board of Directors, the Chairman of the Board or, in the Chairman's absence, the Vice Chairman of the Board, if any, shall preside at all meetings of the Board of Directors.

SECTION 5. QUORUM. The greater of (a) a majority of the directors at any time in office and (b) one-third of the number of directors fixed pursuant to Section 2 of Article III of these Bylaws shall constitute a quorum of the Board of Directors. If less than a quorum are present at a meeting of the Board of Directors, a majority of the directors present may adjourn the meeting from time to time without further notice other than announcement at the meeting, until such quorum shall be present.

SECTION 6. VOTING. The vote of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the Delaware General Corporation Law or the Certificate of Incorporation requires a vote of a greater number.

SECTION 7. VACANCIES. Subject to the rights of holders of any series of preferred stock to elect directors, unless and until filled by the stockholders, any vacancy or newly-created directorship on the Board of Directors, however occurring, may be filled by vote of a majority of the directors then in office, although less than a quorum, or by a sole remaining director. A director elected to fill a vacancy shall be elected for the unexpired term of such director's predecessor in office, and a director chosen to fill a position resulting from a newly-created directorship shall hold office until the next annual meeting of stockholders and until a successor is elected and qualified, or until such director's earlier death, resignation or removal.

SECTION 8. REMOVAL OF DIRECTORS. Except as otherwise provided by the General Corporation Law of the State of Delaware, a director, or the entire Board of Directors, may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors, except that the directors elected by the holders of a particular class or series of stock may be removed without cause only by vote of the holders of a majority of the outstanding shares of such class or series.

SECTION 9. RESIGNATION. Any director may resign by delivering a resignation in writing or by electronic transmission to the corporation at its principal office or to the Chairman of the Board, the Chief Executive Officer, the President or the Secretary. Such resignation shall be effective upon delivery unless it is specified to be effective at some later time or upon the happening of some later event.

SECTION 10. REGULAR MEETINGS. Regular meetings of the Board of Directors may be held without notice at such time, place and manner as shall be determined from time to time by the Board of Directors; provided that any director who is absent when such a determination is made shall be given notice of the determination. A regular meeting of the Board of Directors may be held without notice immediately after and at the same place as the annual meeting of stockholders.

SECTION 11. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by or at the request of the Chairman of the Board, the Chief Executive Officer, the President, two or more directors or by one director in the event that there is only a single director in office. The person or persons authorized to call special meetings of the Board of Directors may fix any time, date or place, either within or without the State of Delaware, for holding any special meeting of the Board of Directors called by them.

SECTION 12. NOTICE OF SPECIAL MEETINGS OF THE BOARD OF DIRECTORS. Notice of the date, place, if any, and time of any special meeting of the Board of Directors shall be given to each director by the Secretary or by the officer or one of the directors calling the meeting. Notice shall be duly given to each director (a) in person, by telephone, fax or by electronic transmission at least 24 hours in advance of the meeting, (b) by sending written notice by reputable overnight courier or delivering written notice by hand, to such director's last known business, home or facsimile address at least 48 hours in advance of the meeting, or (c) by sending written notice by first-class mail to such director's last known business or home address at least 72 hours in advance of the meeting. A notice or waiver of notice of a meeting of the Board of Directors need not specify the purposes of the meeting.

SECTION 13. WRITTEN ACTION BY DIRECTORS. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board of Directors or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or committee. Without limiting the manner by which consent may be given, members of the Board of Directors may consent by delivery of an electronic transmission when such transmission is directed to a facsimile number or electronic mail address at which the Corporation has consented to receive such electronic transmissions, and copies of the electronic transmissions are filed with the minutes of proceedings of the Board of Directors or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

SECTION 14. PARTICIPATION BY CONFERENCE TELEPHONE. Members of the Board of Directors, or any committee designated by such board, may participate in a meeting of the Board of Directors, or committee thereof, by means of conference telephone or similar communications equipment as long as all persons participating in the meeting can speak with and hear each other, and participation by a director pursuant to this section shall constitute presence in person at such meeting.

SECTION 15. COMMITTEES. The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the Corporation with such lawfully delegable powers and duties as the Board of Directors thereby confers, to serve at the pleasure of the Board of Directors. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member at any meeting of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or



disqualified member. Any such committee, to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it, but no such committee shall have the power or authority in reference to the following matters: (i) approving or adopting, or recommending to the stockholders, any action or matter (other than the election or removal of directors) expressly required by law to be submitted to stockholders for approval or (ii) adopting, amending or repealing any bylaw of the corporation. Each such committee shall keep minutes and make such reports as the Board of Directors may from time to time request. Except as the Board of Directors may otherwise determine, any committee may make rules for the conduct of its business, but unless otherwise provided by the directors or in such rules, its business shall be conducted as nearly as possible in the same manner as is provided in these Bylaws for the Board of Directors. Except as otherwise provided in the Certificate of Incorporation, these Bylaws, or the resolution of the Board of Directors designating the committee, a committee may create one or more subcommittees, each subcommittee to consist of one or more members of the committee, and delegate to a subcommittee any or all of the powers and authority of the committee.

SECTION 16. COMPENSATION OF DIRECTORS. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, the Board of Directors shall have the authority to fix the compensation of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefore. Members of special or standing committees may be allowed like compensation for attending committee meetings.

#### **ARTICLE IV. OFFICERS**

SECTION 1. GENERAL PROVISIONS. The officers of the corporation shall consist of a Chief Executive Officer, a President, a Secretary, a Chief Financial Officer or Treasurer, and such other officers with such other titles as the Board of Directors shall determine, including one or more Vice Presidents, Assistant Treasurers and Assistant Secretaries. The Board of Directors may appoint such other officers as it may deem appropriate. No officer need be a stockholder. Any two or more offices may be held by the same person. The officers elected by the Board of Directors shall have such duties as are hereafter described and such additional duties as the Board of Directors may from time to time prescribe.

SECTION 2. ELECTION AND TERM OF OFFICE. The Chief Executive Officer, President, Secretary and Chief Financial Officer or Treasurer shall be elected annually by the Board of Directors at the regular meeting of the Board of Directors held after each annual meeting of the stockholders. If the election of officers is not held at such meeting, such election shall be held as soon thereafter as may be convenient. Other officers may be appointed at any time, at a meeting or by the written consent of the Board of Directors. Except as otherwise provided by law, by the Certificate of Incorporation or by these Bylaws, each officer shall hold office until his successor has been duly elected and qualified, unless a different term is specified

in the resolution electing or appointing such officer, or until his earlier death, resignation or removal. Election or appointment of an officer or agent shall not of itself create contract rights.

SECTION 3. RESIGNATION AND REMOVAL OF OFFICERS. Any officer may resign by delivering a written resignation to the corporation at its principal office or to the Chief Executive Officer, the President or the Secretary. Such resignation shall be effective upon receipt unless it is specified to be effective at some later time or upon the happening of some later event. Any officer may be removed at any time, with or without cause, by vote of a majority of the directors then in office. Except as the Board of Directors may otherwise determine, no officer who resigns or is removed shall have any right to any compensation as an officer for any period following such officer's resignation or removal, or any right to damages on account of such removal, whether such officer's compensation be by the month or by the year or otherwise, unless such compensation is expressly provided for in a duly authorized written agreement with the corporation.

SECTION 4. VACANCIES. The Board of Directors may fill any vacancy occurring in any office for any reason and may, in its discretion, leave unfilled for such period as it may determine any offices other than those of Chief Executive Officer, President, Secretary, Chief Financial Officer and Treasurer. Each such successor shall hold office for the unexpired term of such officer's predecessor and until a successor is elected and qualified, or until such officer's earlier death, resignation or removal.

SECTION 5. THE CHIEF EXECUTIVE OFFICER. Unless the Board of Directors has designated another person as the corporation's Chief Executive Officer, the President shall be the Chief Executive Officer of the corporation. The Chief Executive Officer shall have general charge and supervision of the business and affairs of the corporation subject to the direction of the Board of Directors, and shall perform all duties and have all powers that are commonly incident to the office of chief executive or that are delegated to such officer by the Board of Directors. The Chief Executive Officer shall preside at all meetings of the Board of Directors and shall see that orders and resolutions of the Board of Directors are carried into effect. The Chief Executive Officer may sign bonds, mortgages, certificates for shares and all other contracts and documents whether or not under the seal of the Corporation except in cases where the signing and execution thereof shall be expressly delegated by law, by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation. The Chief Executive Officer shall have general powers of supervision and shall be the final arbiter of all differences between officers of the Corporation and his decision as to any matter affecting the Corporation shall be final and binding as between the officers of the Corporation subject only to the Board of Directors.

SECTION 6. THE PRESIDENT. In the absence of the Chief Executive Officer or in the event of his inability or refusal to act, the President shall perform the duties of the Chief Executive Officer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chief Executive Officer. At all other times the President shall have the active management of the business of the Corporation under the general supervision of the Chief Executive Officer or the Board of Directors. The President shall have concurrent power with the Chief Executive Officer to sign bonds, mortgages, certificates for shares and other contracts and documents, whether or not under the seal of the Corporation except in cases where the signing

and execution thereof shall be expressly delegated by law, by the Board of Directors, or by these Bylaws to some other officer or agent of the Corporation. In general, the President shall perform all duties incident to the office of president and such other duties as the Chief Executive Officer (if the President is not the Chief Executive Officer) or the Board of Directors may from time to time prescribe.

SECTION 7. THE VICE PRESIDENT. In the absence of the President or in the event of his inability or refusal to act, the Vice President (or in the event there be more than one Vice President, the Executive Vice President and then the other Vice President or Vice Presidents in the order designated, or in the absence of any designation, then in the order of their election) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice Presidents shall perform such other duties and have such other powers as the Chief Executive Officer or the Board of Directors may from time to time prescribe.

SECTION 8. THE SECRETARY. The Secretary shall perform such duties and shall have such powers as the Board of Directors or the Chief Executive Officer may from time to time prescribe. The Secretary shall perform such duties and have such powers as are incident to the office of the Secretary, including without limitation the duty and power to attend all meetings of the Board of Directors and all meetings of the stockholders and record all the proceedings in a book to be kept for that purpose and shall perform like duties for the standing committees when required and to maintain a stock ledger and prepare lists of stockholders and their addresses as required. The Secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or the Chief Executive Officer, under whose supervision he shall be. The Secretary shall have custody of the corporate records and the corporate seal of the Corporation and the Secretary, or an Assistant Secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his signature.

SECTION 9. THE ASSISTANT SECRETARY. The Assistant Secretary, or if there be more than one, the Assistant Secretaries in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election), shall, in the absence of the Secretary or in the event of his inability or refusal to act, perform the duties and exercise the powers of the Secretary and shall perform such other duties and have such other powers as the Chief Executive Officer, the Board of Directors or the Secretary may from time to time prescribe. In the absence of the Secretary or any Assistant Secretary at any meeting of stockholders or directors, the chairman of the meeting shall designate a temporary secretary to keep a record of the meeting.

SECTION 10. THE CHIEF FINANCIAL OFFICER OR TREASURER. The Chief Financial Officer or Treasurer shall perform such duties and shall have such powers as may from time to time be assigned by the Board of Directors or the Chief Executive Officer. The Chief Financial Officer or Treasurer shall perform such duties and have such powers as are incident to the office of Chief Financial Officer or Treasurer, including without limitation, the duty and

power to have the custody of the corporate funds and securities and to keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Chief Financial Officer or Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors, as required by the Board of Directors, an account of all his transactions as Chief Financial Officer or Treasurer and of the financial condition of the Corporation. If required by the Board of Directors, the Chief Financial Officer or Treasurer shall give the Corporation a bond (which shall be renewed every six (6) years) in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

SECTION 11. THE ASSISTANT TREASURER. The Assistant Treasurer, or if there shall be more than one, the Assistant Treasurers in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election), shall, in the absence of the Chief Financial Officer or Treasurer or in the event of his inability or refusal to act, perform the duties and exercise the powers of the Chief Financial Officer or Treasurer and shall perform such other duties and have such other powers as the Chief Executive Officer, the Board of Directors or the Chief Financial Officer or Treasurer may from time to time prescribe.

SECTION 12. OTHER OFFICERS, ASSISTANT OFFICERS AND AGENTS. Officers, Assistant Officers and Agents, if any, other than those whose duties are provided for in these Bylaws, shall have such authority and perform such duties as may from time to time be prescribed by resolution of the Board of Directors.

SECTION 13. ABSENCE OF OFFICERS, DELEGATION OF AUTHORITY. In the absence of any officer of the Corporation, or for any other reason the Board of Directors may deem sufficient, the Board of Directors may from time to time delegate the powers or duties, or any of such powers or duties, of any officers or officer to any other officer or to any director.

SECTION 14. COMPENSATION. The Board of Directors shall have the authority to establish reasonable salaries, compensation or reimbursement of all officers for services to the Corporation.

## **ARTICLE V. CAPITAL STOCK**

SECTION 1. ISSUANCE OF STOCK. Subject to the provisions of the Certificate of Incorporation, the whole or any part of any unissued balance of the authorized capital stock of the corporation or the whole or any part of any shares of the authorized capital stock of the corporation held in the corporation's treasury may be issued, sold, transferred or otherwise disposed of by vote of the Board of Directors in such manner, for such lawful consideration and on such terms as the Board of Directors may determine.

SECTION 2. CERTIFICATES OF SHARES; UNCERTIFICATED SHARES.

(a) The shares of the Corporation shall be represented by certificates, provided that the Board of Directors of the Corporation may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Every holder of stock represented by certificates shall be entitled to have a certificate, in such form as may be prescribed by law and by the Board of Directors, signed in a manner that complies with Section 158 of the Delaware General Corporation Law, representing the number of shares held by such holder registered in certificate form. Any or all the signatures on the certificate may be a facsimile.

(b) Each certificate for shares of stock which are subject to any restriction on transfer pursuant to the Certificate of Incorporation, these Bylaws, applicable securities laws or any agreement among any number of stockholders or among such holders and the corporation shall have conspicuously noted on the face or back of the certificate either the full text of the restriction or a statement of the existence of such restriction.

(c) If the corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of each certificate representing shares of such class or series of stock, provided that in lieu of the foregoing requirements there may be set forth on the face or back of each certificate representing shares of such class or series of stock a statement that the corporation will furnish without charge to each stockholder who so requests a copy of the full text of the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

(d) Within a reasonable time after the issuance or transfer of uncertificated shares, the corporation shall send to the registered owner thereof a written notice containing the information required to be set forth or stated on certificates pursuant to Sections 151, 156, 202(a) or 218(a) of the General Corporation Law of the State of Delaware or, with respect to Section 151 of the General Corporation Law of the State of Delaware, a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

SECTION 3. SIGNATURES OF FORMER OFFICER, TRANSFER AGENT OR REGISTRAR. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person or entity were such officer, transfer agent or registrar at the date of issue.

SECTION 4. TRANSFER OF SHARES. Transfers of shares of the Corporation shall be made only on the books of the Corporation, or by transfer agents designated to transfer shares of the Corporation. Subject to applicable law, shares of stock represented by certificates shall be transferred only on the books of the corporation by the surrender to the corporation or its transfer agent of the certificate representing such shares properly endorsed or accompanied by a written assignment or power of attorney properly executed, and with such proof of authority or the authenticity of signature as the corporation or its transfer agent may reasonably require. Except as may be otherwise required by law, by the Certificate of Incorporation or by these Bylaws, the corporation shall be entitled to treat the record holder of stock as shown on its books as the owner of such stock for all purposes, including the payment of dividends and the right to vote with respect to such stock, regardless of any transfer, pledge or other disposition of such stock until the shares have been transferred on the books of the corporation in accordance with the requirements of these Bylaws.

SECTION 5. LOST, DESTROYED OR STOLEN CERTIFICATES. Whenever a certificate representing shares of the Corporation has been lost, destroyed or stolen, the holder thereof may file in the office of the Corporation an affidavit setting forth, to the best of his knowledge and belief, the time, place, and circumstance of such loss, destruction or theft together with a statement of indemnity and posting of such bond sufficient in the opinion of the Board of Directors to indemnify the Corporation against any claim that may be made against it on account of the alleged loss of any such certificate. Thereupon the Board may cause to be issued to such person or such person's legal representative a new certificate or a duplicate of the certificate alleged to have been lost, destroyed or stolen. In the exercise of its discretion, the Board of Directors may waive the indemnification and bond requirements provided herein.

SECTION 6. REGULATIONS. The issue, transfer, conversion and registration of shares of stock of the corporation shall be governed by such other regulations as the Board of Directors may establish.

**ARTICLE VI.  
RESTRICTIONS ON TRANSFER AND RIGHT OF FIRST REFUSAL.**

SECTION 1. TRANSFERS. If a holder of any shares of stock of the Corporation (a "Holder") proposes to sell, assign, transfer, pledge, hypothecate or otherwise dispose of, by operation of law or otherwise (collectively "Transfer") any such shares pursuant to a bona fide offer acceptable to such Holder, then Holder shall first give written notice of the proposed Transfer (the "Transfer Notice") to the Corporation. The Transfer Notice shall state the name the proposed transferee, the number of shares Holder proposes to transfer (the "Offered Shares"), whether the Offered Shares are vested or unvested shares, the price per share and all other material terms and conditions of the transfer, including any available exemption set forth in Section 4 below from the restrictions set forth in Sections 2 and 3 below and shall include a confirmation from the Holder that the proposed transferee is an accredited investor as defined in Rule 501(a) of Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act").

SECTION 2. CONSENT TO TRANSFER. Following receipt of the Transfer Notice, the prior written consent of the Corporation (upon duly authorized action of its Board of

Directors) shall be required (and such consent may be withheld) if such transfer (i) would be to an individual, company or any other form of entity identified by the Corporation as a potential competitor or considered by the Corporation to be unfriendly; (ii) increases the risk of the Corporation having a class of equity security (other than an exempted security) held of record by either (A) 2,000 or more persons, provided, however, that such restriction shall only apply after the Corporation has a class of equity security (other than an exempted security) held of record by more than 1,000 persons or (B) 500 or more persons who are not accredited investors, as described in Section 12(g) of the Securities and Exchange Act of 1934 (the "1934 Act"), and Rule 12g5-1 promulgated thereunder, or otherwise requiring the Corporation to register any class of securities under the 1934 Act; (iii) would result in the loss of any federal or state securities law exemption relied upon by the Corporation in connection with the initial issuance of such shares or the issuance of any other securities; (iv) is facilitated in any manner by any public posting, message board, trading portal, internet site or similar method of communication, including without limitation any trading portal or internet site intended to facilitate secondary transfers of securities; (v) is to be effected in a brokered transaction; (vi) represents a transfer of less than all of the shares then held by the stockholder and its affiliates or is to be made to more than a single transferee or (vii) is for any legitimate corporate purpose, as determined by the Corporation's Board of Directors. The Corporation shall notify Holder within 30 days of receipt of the Transfer Notice indicating whether the proposed transfer requires such consent and if so, whether such consent has been provided (a "Transfer Approval") or withheld (a "Transfer Denial", and together with "Transfer Approval", the "Transfer Determination"). For purposes of a clarity, a Holder shall not be entitled to transfer any shares if such proposed transfer results in a Transfer Denial.

### SECTION 3. RIGHT OF FIRST REFUSAL.

(a) Subject to the exceptions set forth in Section 3(e) below, for 30 days following a Transfer Determination that results in a Transfer Approval, the Corporation or its assigns shall have the option to purchase all or part of the Offered Shares at the price and upon the terms set forth in the Transfer Notice (the "Right of First Refusal"). In the event the Corporation or its assigns, as applicable, elects to purchase all or part of the Offered Shares, it shall give written notice of such election to the Holder within such 30 day period. Within ten days after Holder's receipt of such notice, Holder shall tender to the Corporation at its principal offices the certificate or certificates representing the Offered Shares to be purchased by the Corporation, duly endorsed in blank by Holder or with duly endorsed stock powers attached thereto, all in a form suitable for transfer of the Offered Shares to the Corporation. Promptly following receipt of such certificate or certificates, the Corporation or its assigns, as applicable, shall deliver or mail to Holder a check in payment of the purchase price for such Offered Shares; provided that if the terms of payment set forth in the Transfer Notice were other than cash against delivery, the Corporation or its assigns, as applicable, may pay for the Offered Shares on the same terms and conditions as were set forth in the Transfer Notice.

(b) If the Corporation or its assigns, as applicable, does not elect to acquire any of the Offered Shares, Holder may, within the 30-day period following the expiration of the option granted to the Corporation under Section 3(a) above, transfer the Offered Shares that the Corporation has not elected to acquire to the proposed transferee, provided that such transfer shall not be on terms and conditions more favorable to the transferee than those contained in the

Transfer Notice, such transfer shall be only to a prospective transferee that is an accredited investor as defined in Rule 501(a) of Regulation D promulgated under the Securities Act and such transfer shall comply with the Securities Act. Notwithstanding any of the above, all Offered Shares transferred pursuant to this Section 3 shall remain subject to these Bylaws and any equity grant agreement such Offered Shares were subject to and such transferee shall, as a condition to such transfer, deliver to the Corporation a written instrument confirming that such transferee shall be bound by all of the terms and conditions of these Bylaws and any applicable equity grant agreement.

(c) After the time at which the Offered Shares are required to be delivered to the Corporation for transfer to the Corporation pursuant to subsection 3(a) above, the Corporation shall not pay any dividend to Holder on account of such Offered Shares or permit Holder to exercise any of the privileges or rights of a stockholder with respect to such Offered Shares, but shall, insofar as permitted by law, treat the Corporation as the owner of such Offered Shares.

(d) The Corporation may assign its Right of First Refusal in any particular transaction under this Section 3 to one or more persons or entities.

(e) The provisions of this Section 3 shall not apply to any Transfer of preferred stock of the Corporation or the shares of common stock issued upon conversion thereof.

#### SECTION 4. EXCEPTIONS.

(a) The provisions of this Article VI may be waived with respect to any transfer upon duly authorized action of its Board of Directors.

(b) The following transactions shall be exempt from the restrictions set forth in Article VI, Section 3:

(A) any transfer to or for the benefit of any spouse, children, parents, uncles, aunts, siblings, grandchildren and any other relatives approved by the Board of Directors (collectively, "Approved Relatives") or to a trust established solely for the benefit of Purchaser and/or Approved Relatives;

(B) any transfer made as part of the sale of all or substantially all of the shares of capital stock of the Corporation (including pursuant to a merger or consolidation);

(C) any transfer pursuant to an effective registration statement filed by the Corporation under the Securities Act;

(D) a stockholder's bona fide pledge or mortgage of any common stock with a commercial lending institution;

(E) a corporate stockholder's transfer of any or all of its shares pursuant to and in accordance with the terms of any merger, consolidation, reclassification of



common stock or capital reorganization of the corporate stockholder, or pursuant to a sale of all or substantially all of the stock or assets of a corporate stockholder;

(F) a corporate stockholder's transfer of any or all of its shares to any or all of its stockholders; and

(G) a transfer of any or all of the shares held by a stockholder which is a limited or general partnership to any or all of its partners.

(c) In the case of a transfer pursuant to Sections 4(b)(A) and (D)-(G) above, such shares shall remain subject to these Bylaws and any existing equity grant agreement and such transferee shall, as a condition to such transfer, deliver to the Corporation a written instrument confirming that such transferee shall be bound by all of the terms and conditions of these Bylaws and any applicable equity grant agreement and there shall be no further transfer of such shares except in accordance with these Bylaws.

SECTION 5. TERMINATION. The provisions of Article VI shall terminate upon the closing of the sale of shares of common stock in an underwritten public offering pursuant to an effective registration statement filed by the Corporation under the Securities Act.

SECTION 6. VOID TRANSFERS. The Corporation shall not be required (a) to transfer on its books any shares which shall have been sold or otherwise transferred in violation of any of the provisions of this Article VI or (b) to treat as owner of such shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom any such shares shall have been so sold or transferred.

SECTION 7. LEGENDS. The certificates representing shares of stock of the corporation shall bear on their face the following legend so long as the foregoing Transfer restrictions are in effect:

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO (i) TRANSFER RESTRICTIONS AND (ii) A RIGHT OF FIRST REFUSAL OPTION IN FAVOR OF THE CORPORATION AND/OR ITS ASSIGNEE(S), EACH AS PROVIDED IN THE BYLAWS OF THE CORPORATION.

SECTION 8. CONFLICTS. To the extent the Corporation has entered into any written agreement with the stockholder attempting to Transfer shares that contains terms restricting such Transfer and grants the Corporation a right of first refusal with respect thereto ("Separate ROFR Terms"), then such Separate ROFR Terms shall supersede this Article VI and shall control such stockholder's proposed Transfer of shares.

## **ARTICLE VII. INDEMNIFICATION**

SECTION 1. RIGHT TO INDEMNIFICATION OF DIRECTORS AND OFFICERS. The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person (an "Indemnified Person") who was or is made or is threatened to be made a party or is otherwise involved in any action,

suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding"), by reason of the fact that such person, or a person for whom such person is the legal representative, is or was a director or officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, limited liability company, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees) reasonably incurred by such Indemnified Person in such Proceeding. Notwithstanding the preceding sentence, except as otherwise provided in Section 3 of this Article VI, the Corporation shall be required to indemnify an Indemnified Person in connection with a Proceeding (or part thereof) commenced by such Indemnified Person only if the commencement of such Proceeding (or part thereof) by the Indemnified Person was authorized in advance by the Board of Directors.

SECTION 2. PREPAYMENT OF EXPENSES OF DIRECTORS AND OFFICERS. The Corporation shall pay the expenses (including attorneys' fees) incurred by an Indemnified Person in defending any Proceeding in advance of its final disposition, provided, however, that, to the extent required by law, such payment of expenses in advance of the final disposition of the Proceeding shall be made only upon receipt of an undertaking by the Indemnified Person to repay all amounts advanced if it should be ultimately determined that the Indemnified Person is not entitled to be indemnified under this Article VI or otherwise.

SECTION 3. CLAIMS BY DIRECTORS AND OFFICERS. If a claim for indemnification or advancement of expenses under this Article VI is not paid in full within thirty (30) days after a written claim therefor by the Indemnified Person has been received by the Corporation, the Indemnified Person may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action the Corporation shall have the burden of proving that the Indemnified Person is not entitled to the requested indemnification or advancement of expenses under applicable law.

SECTION 4. INDEMNIFICATION OF EMPLOYEES AND AGENTS. The Corporation may indemnify and advance expenses to any person who was or is made or is threatened to be made or is otherwise involved in any Proceeding by reason of the fact that such person, or a person for whom such person is the legal representative, is or was an employee or agent of the Corporation or, while an employee or agent of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, limited liability company, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees) reasonably incurred by such person in connection with such Proceeding. The ultimate determination of entitlement to indemnification of persons who are non-director or officer employees or agents shall be made in such manner as is determined by the Board of Directors in its sole discretion. Notwithstanding the foregoing sentence, the Corporation shall not be required to indemnify a person in connection with a Proceeding initiated by such person if the Proceeding was not authorized in advance by the Board of Directors.

SECTION 5. ADVANCEMENT OF EXPENSES OF EMPLOYEES AND AGENTS. The Corporation may pay the expenses (including attorneys' fees) incurred by an employee or

agent in defending any Proceeding in advance of its final disposition on such terms and conditions as may be determined by the Board of Directors.

SECTION 6. NON-EXCLUSIVITY OF RIGHTS. The rights conferred on any person by this Article VI shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, these bylaws, agreement, vote of stockholders or disinterested directors or otherwise.

SECTION 7. OTHER INDEMNIFICATION. The Corporation's obligation, if any, to indemnify any person who was or is serving at its request as a director, officer or employee of another Corporation, partnership, limited liability company, joint venture, trust, organization or other enterprise shall be reduced by any amount such person may collect as indemnification from such other Corporation, partnership, limited liability company, joint venture, trust, organization or other enterprise.

SECTION 8. INSURANCE. The Board of Directors may, to the full extent permitted by applicable law as it presently exists, or may hereafter be amended from time to time, authorize an appropriate officer or officers to purchase and maintain at the Corporation's expense insurance: (a) to indemnify the Corporation for any obligation which it incurs as a result of the indemnification of directors, officers and employees under the provisions of this Article VI; and (b) to indemnify or insure directors, officers and employees against liability in instances in which they may not otherwise be indemnified by the Corporation under the provisions of this Article VI.

SECTION 9. AMENDMENT OR REPEAL. Any repeal or modification of the foregoing provisions of this Article VI shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification. The rights provided hereunder shall inure to the benefit of any Indemnified Person and such person's heirs, executors and administrators.

**ARTICLE VIII.  
DIVIDENDS**

SECTION 1. DECLARATIONS OF DIVIDENDS. Dividends upon the capital stock of the Corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation.

SECTION 2. SPECIAL PURPOSES RESERVES. The Board of Directors may set apart out of any of the funds of the Corporation available for dividends a reserve or reserves for any proper purpose and may abolish any such reserve.

**ARTICLE IX.  
NOTICE BY ELECTRONIC TRANSMISSION**

SECTION 1. NOTICE BY ELECTRONIC TRANSMISSION. Without limiting the manner by which notice otherwise may be given effectively to stockholders pursuant to the

Delaware General Corporation Law, the certificate of incorporation or these bylaws, any notice to stockholders given by the Company under any provision of the Delaware General Corporation Law, the certificate of incorporation or these bylaws shall be effective if given by a form of electronic transmission consented to by the stockholder to whom the notice is given. Any such consent shall be revocable by the stockholder by written notice to the Company. Any such consent shall be deemed revoked if:

(a) the Company is unable to deliver by electronic transmission two (2) consecutive notices given by the Company in accordance with such consent; and

(b) such inability becomes known to the Secretary or an Assistant Secretary of the Company or to the transfer agent, or other person responsible for the giving of notice.

However, the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action.

Any notice given pursuant to the preceding paragraph shall be deemed given:

(c) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice;

(d) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice;

(e) if by a posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of (A) such posting and (B) the giving of such separate notice; and

(f) if by any other form of electronic transmission, when directed to the stockholder.

An affidavit of the Secretary or an Assistant Secretary or of the transfer agent or other agent of the Company that the notice has been given by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

SECTION 2. DEFINITION OF ELECTRONIC TRANSMISSION. An “electronic transmission” means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved, and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

SECTION 3. INAPPLICABILITY. Notice by a form of electronic transmission shall not apply to Sections 164, 296, 311, 312 or 324 of the Delaware General Corporation Law.

## **ARTICLE X. GENERAL PROVISIONS**

SECTION 1. FISCAL YEAR. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

SECTION 2. SEAL. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware" or such other form as shall be approved by the Board of Directors. Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

SECTION 3. WRITTEN WAIVER OF NOTICE. A written waiver of any notice required to be given by law, the Certificate of Incorporation or by these Bylaws, signed by or electronically transmitted by the person entitled to notice, whether before, at or after the time of the event for which notice is to be given, shall be deemed equivalent to notice required to be given to such person. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of stockholders, directors or members of a committee of directors need be specified in any written waiver of notice.

SECTION 4. ATTENDANCE AS WAIVER OF NOTICE. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting, and objects, to the transaction of any business because the meeting is not lawfully called or convened.

SECTION 5. CONTRACTS. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

SECTION 6. LOANS. No loans shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

SECTION 7. CHECKS, DRAFTS, ETC. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by one or more officers or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

SECTION 8. DEPOSITS. The funds of the Corporation may be deposited or invested in such bank account, in such investments or with such other depositories as determined by the Board of Directors.

SECTION 9. ANNUAL STATEMENT. The Board of Directors shall present at each annual meeting, and at any special meeting of the stockholders when called for by vote of the stockholders, a full and clear statement of the business and condition of the Corporation.

SECTION 10. VOTING OF SECURITIES. Except as the Board of Directors may otherwise designate, the Chief Executive Officer, the President, the Chief Financial Officer or Treasurer may waive notice of, vote, or appoint any person or persons to vote, on behalf of the corporation at, and act as, or appoint any person or persons to act as, proxy or attorney-in-fact for

this corporation (with or without power of substitution) at, any meeting of stockholders or securityholders of any other entity, the securities of which may be held by this corporation.

SECTION 11. EVIDENCE OF AUTHORITY. A certificate by the Secretary, or an Assistant Secretary, or a temporary secretary, as to any action taken by the stockholders, directors, a committee or any officer or representative of the corporation shall as to all persons who rely on the certificate in good faith be conclusive evidence of such action.

SECTION 12. CERTIFICATE OF INCORPORATION. All references in these Bylaws to the Certificate of Incorporation shall be deemed to refer to the Certificate of Incorporation of the corporation, as amended and in effect from time to time.

SECTION 13. SEVERABILITY. Any determination that any provision of these Bylaws is for any reason inapplicable, illegal or ineffective shall not affect or invalidate any other provision of these Bylaws.

SECTION 14. PRONOUNS. All pronouns used in these Bylaws shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the identity of the person or persons may require.

## **ARTICLE XI. AMENDMENTS**

SECTION 1. BY THE BOARD OF DIRECTORS. These Bylaws may be altered, amended or repealed, in whole or in part, or new Bylaws may be adopted by the Board of Directors, when such power is conferred upon the Board of Directors by the Certificate of Incorporation.

SECTION 2. BY THE STOCKHOLDERS. These Bylaws may be altered, amended or repealed, in whole or in part, or new Bylaws may be adopted, by the affirmative vote of the holders of a majority of the shares of the capital stock of the corporation issued and outstanding and entitled to vote at any annual meeting of stockholders, or at any special meeting of stockholders, provided notice of such alteration, amendment, repeal or adoption of new Bylaws shall have been stated in the notice of such special meeting. If the power to adopt, amend or repeal Bylaws is conferred upon the Board of Directors by the Certificate of Incorporation it shall not divest or limit the power of the stockholders to adopt, amend or repeal Bylaws.

**GOSSAMER BIO, INC.**  
**AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT**  
**July 20, 2018**

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Schedule A - Schedule of Investors

## AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

THIS AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT (this "**Agreement**"), is made as of July 20, 2018, by and among Gossamer Bio, Inc., a Delaware corporation (the "**Company**"), each of the investors listed on Schedule A hereto, each of which is referred to in this Agreement as an "**Investor**", and each of the stockholders listed on Schedule B hereto, each of whom is referred to herein as a "**Key Holder**".

### RECITALS

**WHEREAS**, certain of the Investors (the "**Existing Investors**") hold shares of the Company's Series Seed Preferred Stock, par value \$0.0001 per share (the "**Series Seed Preferred Stock**"), and/or Series A Preferred Stock, par value \$0.0001 per share (the "**Series A Preferred Stock**"), and possess registration rights, information rights, rights of first offer, and other rights pursuant to that certain Investors' Rights Agreement dated as of January 4, 2018, by and among the Company and such Existing Investors (as amended from time to time, the "**Prior Agreement**");

**WHEREAS**, the Existing Investors are holders of at least sixty percent (60%) of the Registrable Securities (as defined in the Prior Agreement), and desire to amend and restate the Prior Agreement in its entirety and to accept the rights created pursuant to this Agreement in lieu of the rights granted to them under the Prior Agreement; and

**WHEREAS**, certain of the Investors are parties to that certain Series B Preferred Stock Purchase Agreement of even date herewith by and among the Company and such Investors (as may be amended from time to time, the "**Purchase Agreement**"), under which certain of the Company's and such Investors' obligations are conditioned upon the execution and delivery of this Agreement.

**NOW, THEREFORE**, the parties hereby agree as follows:

1. **Definitions.** For purposes of this Agreement:

"**Affiliate**" means, with respect to any specified Person, any other Person who, directly or indirectly, controls, is controlled by, or is under common control with such Person, including, without limitation, any general partner, managing member, officer or director of such Person or any venture capital fund now or hereafter existing that is controlled by one or more general partners or managing members of, or shares the same management company with, such Person. For purposes of this definition, the terms "controlling," "controlled by," or "under common control with" shall mean the possession, directly or indirectly, of (i) the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise, or (ii) the power to elect or appoint at least 50% of the directors, managers, general partners, or Persons exercising similar authority with respect to such Person. In relation to Hillhouse, the term "Affiliate" includes all investment funds, Persons or accounts directly or indirectly under the management of or advised by Hillhouse Capital Management, Ltd. or any of its Affiliates.

"**ARCH**" means ARCH Venture Partners IX, L.P.

"**Certificate of Incorporation**" means the Company's Certificate of Incorporation, as the same may be amended from time to time.

“**Common Stock**” means shares of the Company’s common stock, par value \$0.0001 per share.

“**Competitor**” means, as of any date, a Person engaged, directly or indirectly (including through any partnership, limited liability company, corporation, joint venture or similar arrangement (whether now existing or formed hereafter)), in the business conducted or proposed to be conducted by the Company on such date, but shall not include any financial investment firm or collective investment vehicle that, together with its Affiliates, holds less than thirty percent (30)% of the outstanding equity of any Competitor and does not, nor do any of its Affiliates, have a right to designate any members of the board of directors of any Competitor. Notwithstanding the foregoing, for as long as (i) a principal of Omega (as defined below) has the right to serve as a director of the Company, Omega shall not be deemed a Competitor, (ii) a principal of ARCH (as defined above) has the right to serve as a director of the Company, ARCH shall not be deemed a Competitor, and (iii) Hillhouse (as defined below) holds shares of the Company, Hillhouse shall not be deemed a Competitor.

“**Damages**” means any loss, damage, claim or liability (joint or several) to which a party hereto may become subject under the Securities Act, the Exchange Act, or other federal or state law, insofar as such loss, damage, claim or liability (or any action in respect thereof) arises out of or is based upon: (i) any untrue statement or alleged untrue statement of a material fact contained in any registration statement of the Company, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto; (ii) an omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading; or (iii) any violation or alleged violation by the indemnifying party (or any of its agents or Affiliates) of the Securities Act, the Exchange Act, any state securities law, or any rule or regulation promulgated under the Securities Act, the Exchange Act, or any state securities law.

“**Derivative Securities**” means any securities or rights convertible into, or exercisable or exchangeable for (in each case, directly or indirectly), Common Stock, including options and warrants.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“**Excluded Registration**” means (i) a registration relating to the sale of securities to employees of the Company or a subsidiary pursuant to a stock option, stock purchase, or similar plan; (ii) a registration relating to an SEC Rule 145 transaction; (iii) a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities; or (iv) a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered.

“**Form S-1**” means such form under the Securities Act as in effect on the date hereof or any successor registration form under the Securities Act subsequently adopted by the SEC.

“**Form S-3**” means such form under the Securities Act as in effect on the date hereof or any registration form under the Securities Act subsequently adopted by the SEC that permits incorporation of substantial information by reference to other documents filed by the Company with the SEC.

“**GAAP**” means generally accepted accounting principles in the United States.

“**Hillhouse**” means HH Goss Holdings LLC.

“**Holder**” means any holder of Registrable Securities who is a party to this Agreement.

“**Immediate Family Member**” means a child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, of a natural person referred to herein.

“**Initiating Holders**” means, collectively, Holders who properly initiate a registration request under this Agreement.

“**IPO**” means the Company’s first underwritten public offering of its Common Stock under the Securities Act.

“**Key Employee**” means any executive-level employee (including, division director and vice president-level positions) as well as any employee who, either alone or in concert with others, develops, invents, programs, or designs any Company Intellectual Property (as defined in the Purchase Agreement).

“**Key Holder Registrable Securities**” means (i) the shares of Common Stock held by the Key Holders, and (ii) any Common Stock issued as (or issuable upon the conversion or exercise of any warrant, right, or other security that is issued as) a dividend or other distribution with respect to, or in exchange for or in replacement of such shares.

“**Major Investor**” means any Investor that, individually or together with such Investor’s Affiliates, holds at least 3,000,000 shares of Preferred Stock or Common Stock issued on conversion thereof, as adjusted for any stock split, stock dividend, combination, or other recapitalization or reclassification effected after the date hereof.

“**New Securities**” means, collectively, equity securities of the Company, whether or not currently authorized, as well as rights, options, or warrants to purchase such equity securities, or securities of any type whatsoever that are, or may become, convertible or exchangeable into or exercisable for such equity securities.

“**Omega**” means Omega Fund V, L.P.

“**Person**” means any individual, corporation, partnership, trust, limited liability company, association or other entity.

“**Preferred Directors**” means the Series A Directors and the Series B Director.

“**Preferred Stock**” means collectively, Series B Preferred Stock, Series A Preferred Stock and Series Seed Preferred Stock.

“**Registrable Securities**” means (i) the Common Stock issuable or issued upon conversion of the Preferred Stock; (ii) any Common Stock, or any Common Stock issued or issuable (directly or indirectly) upon conversion and/or exercise of any other securities of the Company, acquired by the Investors after the date hereof; (iii) the Key Holder Registrable Securities, provided, that such Key Holder Registrable Securities shall not be deemed Registrable Securities and the Key Holders shall not be deemed Holders for purposes of Subsections 2.1, 2.10, 3.1, 3.2, 4.1 and 6.6; and (iv) any Common Stock issued as (or issuable upon the conversion or exercise of any warrant, right, or other security that is issued as) a dividend or other distribution with respect to, or in exchange for or in replacement of, the shares referenced in clauses (i) and (ii) above; excluding in all cases, however, any Registrable Securities sold by a Person in

a transaction in which the applicable rights under this Agreement are not assigned pursuant to Subsection 6.1, and excluding for purposes of Section 2 any shares for which registration rights have terminated pursuant to Subsection 2.13 of this Agreement.

“**Registrable Securities then outstanding**” means the number of shares determined by adding the number of shares of outstanding Common Stock that are Registrable Securities and the number of shares of Common Stock issuable (directly or indirectly) pursuant to then exercisable and/or convertible securities that are Registrable Securities.

“**Restricted Securities**” means the securities of the Company required to be notated with the legend set forth in Subsection 2.12(b) hereof.

“**SEC**” means the Securities and Exchange Commission.

“**SEC Rule 144**” means Rule 144 promulgated by the SEC under the Securities Act.

“**SEC Rule 145**” means Rule 145 promulgated by the SEC under the Securities Act.

“**Securities Act**” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“**Selling Expenses**” means all underwriting discounts, selling commissions, and stock transfer taxes applicable to the sale of Registrable Securities, and fees and disbursements of counsel for any Holder, except for the fees and disbursements of the Selling Holder Counsel borne and paid by the Company as provided in Subsection 2.6.

“**Series A Director**” means any director of the Company that the holders of record of the Series A Preferred Stock are entitled to elect pursuant to the Company’s Certificate of Incorporation.

“**Series B Director**” means any director of the Company that the holders of record of the Series B Preferred Stock are entitled to elect pursuant to the Company’s Certificate of Incorporation.

“**Series A Preferred Stock**” means the shares of Series A Preferred Stock, \$0.0001 par value per share, of the Company.

“**Series B Preferred Stock**” means the shares of Series B Preferred Stock, \$0.0001 par value per share, of the Company.

“**Series Seed Preferred Stock**” means the shares of Series Seed Preferred Stock, \$0.0001 par value per share, of the Company.

2. Registration Rights. The Company covenants and agrees as follows:

2.1 Demand Registration.

(a) Form S-1 Demand. If at any time after the earlier of (i) five (5) years after the date of this Agreement or (ii) one hundred eighty (180) days after the effective date of the registration statement for the IPO, the Company receives a request from Major Investors holding at least thirty percent (30%) of the Registrable Securities then outstanding that the Company file a Form S-1 registration statement with respect to at least fifty percent (50%) of the Registrable Securities then outstanding (or a

lesser percent if the anticipated aggregate offering price, net of Selling Expenses, would exceed \$10 million), then the Company shall (x) within ten (10) days after the date such request is given, give notice thereof (the “**Demand Notice**”) to all Holders other than the Initiating Holders; and (y) as soon as practicable, and in any event within ninety (90) days after the date such request is given by the Initiating Holders, file a Form S-1 registration statement under the Securities Act covering all Registrable Securities that the Initiating Holders requested to be registered and any additional Registrable Securities requested to be included in such registration by any other Holders, as specified by notice given by each such Holder to the Company within twenty (20) days of the date the Demand Notice is given, and in each case, subject to the limitations of Subsections 2.1(c) and 2.3.

(b) Form S-3 Demand. If at any time when it is eligible to use a Form S-3 registration statement, the Company receives a request from Major Investors holding at least twenty percent (20%) of the Registrable Securities then outstanding that the Company file a Form S-3 registration statement with respect to outstanding Registrable Securities of such Holders having an anticipated aggregate offering price, net of Selling Expenses, of at least \$5 million, then the Company shall (i) within ten (10) days after the date such request is given, give a Demand Notice to all Holders other than the Initiating Holders; and (ii) as soon as practicable, and in any event within forty-five (45) days after the date such request is given by the Initiating Holders file a Form S-3 registration statement under the Securities Act covering all Registrable Securities requested to be included in such registration by any other Holders, as specified by notice given by each such Holder to the Company within twenty (20) days of the date the Demand Notice is given, and in each case, subject to the limitations of Subsections 2.1(c) and 2.3.

(c) Notwithstanding the foregoing obligations, if the Company furnishes to Holders requesting a registration pursuant to this Subsection 2.1 a certificate signed by the Company’s chief executive officer stating that in the good faith judgment of the Company’s Board of Directors (the “**Board**”) it would be materially detrimental to the Company and its stockholders for such registration statement to either become effective or remain effective for as long as such registration statement otherwise would be required to remain effective, because such action would (i) materially interfere with a significant acquisition, corporate reorganization, or other similar transaction involving the Company; (ii) require premature disclosure of material information that the Company has a bona fide business purpose for preserving as confidential; or (iii) render the Company unable to comply with requirements under the Securities Act or Exchange Act, then the Company shall have the right to defer taking action with respect to such filing, and any time periods with respect to filing or effectiveness thereof shall be tolled correspondingly, for a period of not more than sixty (60) days after the request of the Initiating Holders is given; provided, however, that the Company may not invoke this right more than twice in any twelve (12) month period; and provided further that the Company shall not register any securities for its own account or that of any other stockholder during such sixty (60) day period other than an Excluded Registration.

(d) The Company shall not be obligated to effect, or to take any action to effect, any registration pursuant to Subsection 2.1(a) (i) during the period that is sixty (60) days before the Company’s good faith estimate of the date of filing of, and ending on a date that is one hundred eighty (180) days after the effective date of, a Company-initiated registration, provided that the Company is actively employing in good faith commercially reasonable efforts to cause such registration statement to become effective; (ii) after the Company has effected two registrations pursuant to Subsection 2.1(a); or (iii) if the Initiating Holders propose to dispose of shares of Registrable Securities that may be immediately registered on Form S-3 pursuant to a request made pursuant to Subsection 2.1(b). The Company shall not be obligated to effect, or to take any action to effect, any registration pursuant to Subsection 2.1(b) (i) during the period that is thirty (30) days before the Company’s good faith estimate of the date of filing of, and ending on a date that is ninety (90) days after the effective date of, a Company-initiated registration,

provided that the Company is actively employing in good faith commercially reasonable efforts to cause such registration statement to become effective; or (ii) if the Company has effected two registrations pursuant to Subsection 2.1(b) within the twelve (12) month period immediately preceding the date of such request. A registration shall not be counted as “effected” for purposes of this Subsection 2.1(d) until such time as the applicable registration statement has been declared effective by the SEC, unless the Initiating Holders withdraw their request for such registration, elect not to pay the registration expenses therefor, and forfeit their right to one demand registration statement pursuant to Subsection 2.6, in which case such withdrawn registration statement shall be counted as “effected” for purposes of this Subsection 2.1(d).

2.2 Company Registration. If the Company proposes to register (including, for this purpose, a registration effected by the Company for stockholders other than the Holders) any of its securities under the Securities Act in connection with the public offering of such securities solely for cash (other than in an Excluded Registration), the Company shall, at such time, promptly give each Holder notice of such registration. Upon the request of each Holder given within twenty (20) days after such notice is given by the Company, the Company shall, subject to the provisions of Subsection 2.3, cause to be registered all of the Registrable Securities that each such Holder has requested to be included in such registration. The Company shall have the right to terminate or withdraw any registration initiated by it under this Subsection 2.2 before the effective date of such registration, whether or not any Holder has elected to include Registrable Securities in such registration. The expenses (other than Selling Expenses) of such withdrawn registration shall be borne by the Company in accordance with Subsection 2.6.

### 2.3 Underwriting Requirements.

(a) If, pursuant to Subsection 2.1, the Initiating Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to Subsection 2.1, and the Company shall include such information in the Demand Notice. The underwriter(s) will be selected by the Company and shall be reasonably acceptable to a majority in interest of the Initiating Holders. In such event, the right of any Holder to include such Holder’s Registrable Securities in such registration shall be conditioned upon such Holder’s participation in such underwriting and the inclusion of such Holder’s Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall (together with the Company as provided in Subsection 2.4(e)) enter into an underwriting agreement in customary form with the underwriter(s) selected for such underwriting. Notwithstanding any other provision of this Subsection 2.3, if the managing underwriter(s) advise(s) the Initiating Holders in writing that marketing factors require a limitation on the number of shares to be underwritten, then the Initiating Holders shall so advise all Holders of Registrable Securities that otherwise would be underwritten pursuant hereto, and the number of Registrable Securities that may be included in the underwriting shall be allocated among such Holders of Registrable Securities, including the Initiating Holders, in proportion (as nearly as practicable) to the number of Registrable Securities owned by each Holder or in such other proportion as shall mutually be agreed to by all such selling Holders; provided, however, that the number of Registrable Securities held by the Holders to be included in such underwriting shall not be reduced unless all other securities are first entirely excluded from the underwriting. To facilitate the allocation of shares in accordance with the above provisions, the Company or the underwriters may round the number of shares allocated to any Holder to the nearest one hundred (100) shares.

(b) In connection with any offering involving an underwriting of shares of the Company’s capital stock pursuant to Subsection 2.2, the Company shall not be required to include any of the Holders’ Registrable Securities in such underwriting unless the Holders accept the terms of the underwriting as agreed upon between the Company and its underwriters, and then only in such quantity, if

any, as the underwriters in their sole discretion determine will not jeopardize the success of the offering by the Company. If the total number of securities, including Registrable Securities, requested by stockholders to be included in such offering exceeds the number of securities to be sold (other than by the Company) that the underwriters in their reasonable discretion determine is compatible with the success of the offering, then the Company shall be required to include in the offering only that number of such securities, including Registrable Securities, which the underwriters and the Company in their sole discretion determine will not jeopardize the success of the offering. If the underwriters determine that less than all of the Registrable Securities requested to be registered can be included in such offering, then the Registrable Securities that are included in such offering shall be allocated among the selling Holders in proportion (as nearly as practicable to) the number of Registrable Securities owned by each selling Holder or in such other proportions as shall mutually be agreed to by all such selling Holders. To facilitate the allocation of shares in accordance with the above provisions, the Company or the underwriters may round the number of shares allocated to any Holder to the nearest one hundred (100) shares. Notwithstanding the foregoing, in no event shall the number of Registrable Securities included in the offering be reduced unless all other securities (other than securities to be sold by the Company) are first entirely excluded from the offering. For purposes of the provision in this Subsection 2.3(b) concerning apportionment, for any selling Holder that is a partnership, limited liability company, or corporation, the partners, members, retired partners, retired members, stockholders, and Affiliates of such Holder, or the estates and Immediate Family Members of any such partners, retired partners, members, and retired members and any trusts for the benefit of any of the foregoing Persons, shall be deemed to be a single "selling Holder," and any pro rata reduction with respect to such "selling Holder" shall be based upon the aggregate number of Registrable Securities owned by all Persons included in such "selling Holder," as defined in this sentence.

(c) For purposes of Subsection 2.1, a registration shall not be counted as "effected" if, as a result of an exercise of the underwriter's cutback provisions in Subsection 2.3(a), fewer than fifty percent (50%) of the total number of Registrable Securities that Holders have requested to be included in such registration statement are actually included.

2.4 Obligations of the Company. Whenever required under this Section 2 to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

(a) prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its commercially reasonable efforts to cause such registration statement to become effective and, upon the request of the Holders of a majority of the Registrable Securities registered thereunder, keep such registration statement effective for a period of up to one hundred twenty (120) days or, if earlier, until the distribution contemplated in the registration statement has been completed; provided, however, that (i) such one hundred twenty (120) day period shall be extended for a period of time equal to the period the Holder refrains, at the request of an underwriter of Common Stock (or other securities) of the Company, from selling any securities included in such registration, and (ii) in the case of any registration of Registrable Securities on Form S-3 that are intended to be offered on a continuous or delayed basis, subject to compliance with applicable SEC rules, such one hundred twenty (120) day period shall be extended for up to one hundred eighty (180) days to the extent necessary to keep the registration statement effective until all such Registrable Securities are sold;

(b) prepare and file with the SEC such amendments and supplements to such registration statement, and the prospectus used in connection with such registration statement, as may be necessary to comply with the Securities Act in order to enable the disposition of all securities covered by such registration statement;



(c) furnish to the selling Holders such numbers of copies of a prospectus, including a preliminary prospectus, as required by the Securities Act, and such other documents as the Holders may reasonably request in order to facilitate their disposition of their Registrable Securities;

(d) use its commercially reasonable efforts to register and qualify the securities covered by such registration statement under such other securities or blue-sky laws of such jurisdictions as shall be reasonably requested by the selling Holders; provided that the Company shall not be required to qualify to do business or to file a general consent to service of process in any such states or jurisdictions, unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act;

(e) in the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the underwriter(s) of such offering;

(f) use its commercially reasonable efforts to cause all such Registrable Securities covered by such registration statement to be listed on a national securities exchange or trading system and each securities exchange and trading system (if any) on which similar securities issued by the Company are then listed;

(g) provide a transfer agent and registrar for all Registrable Securities registered pursuant to this Agreement and provide a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration;

(h) promptly make available for inspection by the selling Holders, any managing underwriter(s) participating in any disposition pursuant to such registration statement, and any attorney or accountant or other agent retained by any such underwriter or selected by the selling Holders, all financial and other records, pertinent corporate documents, and properties of the Company, and cause the Company's officers, directors, employees, and independent accountants to supply all information reasonably requested by any such seller, underwriter, attorney, accountant, or agent, in each case, as necessary or advisable to verify the accuracy of the information in such registration statement and to conduct appropriate due diligence in connection therewith;

(i) notify each selling Holder, promptly after the Company receives notice thereof, of the time when such registration statement has been declared effective or a supplement to any prospectus forming a part of such registration statement has been filed; and

(j) after such registration statement becomes effective, notify each selling Holder of any request by the SEC that the Company amend or supplement such registration statement or prospectus.

In addition, the Company shall ensure that, at all times after any registration statement covering a public offering of securities of the Company under the Securities Act shall have become effective, its insider trading policy shall provide that the Company's directors may implement a trading program under Rule 10b5-1 of the Exchange Act.

2.5 Furnish Information. It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Section 2 with respect to the Registrable Securities of any selling Holder that such Holder shall furnish to the Company such information regarding itself, the

Registrable Securities held by it, and the intended method of disposition of such securities as is reasonably required to effect the registration of such Holder's Registrable Securities.

2.6 Expenses of Registration. All expenses (other than Selling Expenses) incurred in connection with registrations, filings, or qualifications pursuant to Section 2, including all registration, filing, and qualification fees; printers' and accounting fees; fees and disbursements of counsel for the Company; and the reasonable fees and disbursements of one counsel, not to exceed \$40,000 per registration, for the selling Holders selected by the Holders of a majority of the Registrable Securities to be registered ("**Selling Holder Counsel**"), shall be borne and paid by the Company; provided, that the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Subsection 2.1 if the registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered (in which case all selling Holders shall bear such expenses pro rata based upon the number of Registrable Securities that were to be included in the withdrawn registration), unless the Holders of a majority of the Registrable Securities agree to forfeit their right to one registration pursuant to Subsections 2.1(a) or 2.1(b), as the case may be; provided further that if, at the time of such withdrawal, the Holders shall have learned of a material adverse change in the financial condition, business, or prospects of the Company from that known to the Holders at the time of their request and have withdrawn the request with reasonable promptness after learning of such information then the Holders shall not be required to pay any of such expenses and shall not forfeit their right to one registration pursuant to Subsections 2.1(a) or 2.1(b). All Selling Expenses relating to Registrable Securities registered pursuant to this Section 2 shall be borne and paid by the Holders pro rata on the basis of the number of Registrable Securities registered on their behalf.

2.7 Delay of Registration. No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any registration pursuant to this Agreement as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 2.

2.8 Indemnification. If any Registrable Securities are included in a registration statement under this Section 2:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each selling Holder, and the partners, members, officers, directors, and stockholders of each such Holder; legal counsel and accountants for each such Holder; any underwriter (as defined in the Securities Act) for each such Holder; and each Person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or the Exchange Act, against any Damages, and the Company will pay to each such Holder, underwriter, controlling Person, or other aforementioned Person any legal or other expenses reasonably incurred thereby in connection with investigating or defending any claim or proceeding from which Damages may result, as such expenses are incurred; provided, however, that the indemnity agreement contained in this Subsection 2.8(a) shall not apply to amounts paid in settlement of any such claim or proceeding if such settlement is effected without the consent of the Company, which consent shall not be unreasonably withheld, nor shall the Company be liable for any Damages to the extent that they arise out of or are based upon actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of any such Holder, underwriter, controlling Person, or other aforementioned Person expressly for use in connection with such registration.

(b) To the extent permitted by law, each selling Holder, severally and not jointly, will indemnify and hold harmless the Company, and each of its directors, each of its officers who has signed the registration statement, each Person (if any), who controls the Company within the meaning of the Securities Act, legal counsel and accountants for the Company, any underwriter (as defined in the

Securities Act), any other Holder selling securities in such registration statement, and any controlling Person of any such underwriter or other Holder, against any Damages, in each case only to the extent that such Damages arise out of or are based upon actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of such selling Holder expressly for use in connection with such registration; and each such selling Holder will pay to the Company and each other aforementioned Person any legal or other expenses reasonably incurred thereby in connection with investigating or defending any claim or proceeding from which Damages may result, as such expenses are incurred; provided, however, that the indemnity agreement contained in this Subsection 2.8(b) shall not apply to amounts paid in settlement of any such claim or proceeding if such settlement is effected without the consent of the Holder, which consent shall not be unreasonably withheld; and provided further that in no event shall the aggregate amounts payable by any Holder by way of indemnity or contribution under Subsections 2.8(b) and 2.8(d) exceed the proceeds from the offering received by such Holder (net of any Selling Expenses paid by such Holder), except in the case of fraud or willful misconduct by such Holder.

(c) Promptly after receipt by an indemnified party under this Subsection 2.8 of notice of the commencement of any action (including any governmental action) for which a party may be entitled to indemnification hereunder, such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Subsection 2.8, give the indemnifying party notice of the commencement thereof. The indemnifying party shall have the right to participate in such action and, to the extent the indemnifying party so desires, participate jointly with any other indemnifying party to which notice has been given, and to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party (together with all other indemnified parties that may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such action. The failure to give notice to the indemnifying party within a reasonable time of the commencement of any such action shall relieve such indemnifying party of any liability to the indemnified party under this Subsection 2.8, to the extent that such failure materially prejudices the indemnifying party's ability to defend such action. The failure to give notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Subsection 2.8.

(d) To provide for just and equitable contribution to joint liability under the Securities Act in any case in which either: (i) any party otherwise entitled to indemnification hereunder makes a claim for indemnification pursuant to this Subsection 2.8 but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case, notwithstanding the fact that this Subsection 2.8 provides for indemnification in such case, or (ii) contribution under the Securities Act may be required on the part of any party hereto for which indemnification is provided under this Subsection 2.8, then, and in each such case, such parties will contribute to the aggregate losses, claims, damages, liabilities, or expenses to which they may be subject (after contribution from others) in such proportion as is appropriate to reflect the relative fault of each of the indemnifying party and the indemnified party in connection with the statements, omissions, or other actions that resulted in such loss, claim, damage, liability, or expense, as well as to reflect any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or allegedly untrue statement of a material fact, or the omission or alleged omission of a material fact, relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission; provided, however, that, in

any such case (x) no Holder will be required to contribute any amount in excess of the public offering price of all such Registrable Securities offered and sold by such Holder pursuant to such registration statement, and (y) no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation; and provided further that in no event shall a Holder's liability pursuant to this Subsection 2.8(d), when combined with the amounts paid or payable by such Holder pursuant to Subsection 2.8(b), exceed the proceeds from the offering received by such Holder (net of any Selling Expenses paid by such Holder), except in the case of willful misconduct or fraud by such Holder.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

(f) Unless otherwise superseded by an underwriting agreement entered into in connection with the underwritten public offering, the obligations of the Company and Holders under this Subsection 2.8 shall survive the completion of any offering of Registrable Securities in a registration under this Section 2, and otherwise shall survive the termination of this Agreement.

2.9 Reports Under Exchange Act. With a view to making available to the Holders the benefits of SEC Rule 144 and any other rule or regulation of the SEC that may at any time permit a Holder to sell securities of the Company to the public without registration or pursuant to a registration on Form S-3, the Company shall:

(a) make and keep available adequate current public information, as those terms are understood and defined in SEC Rule 144, at all times after the effective date of the registration statement filed by the Company for the IPO;

(b) use commercially reasonable efforts to file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act (at any time after the Company has become subject to such reporting requirements); and

(c) furnish to any Holder, so long as the Holder owns any Registrable Securities, forthwith upon request (i) to the extent accurate, a written statement by the Company that it has complied with the reporting requirements of SEC Rule 144 (at any time after ninety (90) days after the effective date of the registration statement filed by the Company for the IPO), the Securities Act, and the Exchange Act (at any time after the Company has become subject to such reporting requirements), or that it qualifies as a registrant whose securities may be resold pursuant to Form S-3 (at any time after the Company so qualifies); and (ii) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the SEC that permits the selling of any such securities without registration (at any time after the Company has become subject to the reporting requirements under the Exchange Act) or pursuant to Form S-3 (at any time after the Company so qualifies to use such form).

2.10 Limitations on Subsequent Registration Rights. From and after the date of this Agreement, the Company shall not, without the prior written consent of the Holders of at least sixty-five percent (65%) of the Registrable Securities then outstanding, enter into any agreement with any holder or prospective holder of any securities of the Company that would allow such holder or prospective holder (i) to include such securities in any registration unless, under the terms of such agreement, such holder or prospective holder may include such securities in any such registration only to the extent that the inclusion of such securities will not reduce the number of the Registrable Securities of the Holders that are included;

or (ii) allow such holder or prospective holder to initiate a demand for registration of any securities held by such holder or prospective holder; provided that this limitation shall not apply to any additional Investor who becomes a party to this Agreement in accordance with Subsection 6.9.

2.11 “Market Stand-off” Agreement. Each Holder hereby agrees that it will not, without the prior written consent of the managing underwriter, during the period commencing on the date of the final prospectus relating to the registration by the Company of shares of its Common Stock or any other equity securities under the Securities Act on a registration statement on Form S-1 or Form S-3, and ending on the date specified by the Company and the managing underwriter (such period (the **“Lock-up Period”**) not to exceed one hundred eighty (180) days, or such other period as may be requested by the Company or an underwriter to accommodate regulatory restrictions on (1) the publication or other distribution of research reports, and (2) analyst recommendations and opinions, including, but not limited to, the restrictions contained in FINRA Rule 2711(f)(4) or NYSE Rule 472(f)(4), or any successor provisions or amendments thereto), (i) lend; offer; pledge; sell; contract to sell; sell any option or contract to purchase; purchase any option or contract to sell; grant any option, right, or warrant to purchase; or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable (directly or indirectly) for Common Stock held immediately before the effective date of the registration statement for such offering or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or other securities, in cash, or otherwise. The foregoing provisions of this Subsection 2.11 (a) shall apply only to the IPO (but, for the avoidance of doubt, shall not apply to shares acquired by the Holder in the IPO; provided that upon a transfer of such shares, no public disclosure or filing under the Exchange Act by, in the case of a sale into the market, the Holder, and in the case of all other types of transfers, any party to the transfer shall be required, or made voluntarily, during the Lock-up Period), (b) shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement, (c) shall not apply to the transfer of any shares to any trust for the direct or indirect benefit of the Holder or the immediate family of the Holder, provided that the trustee of the trust agrees to be bound in writing by the restrictions set forth herein, and provided further that any such transfer shall not involve a disposition for value, (d) shall not apply, in the case of a Holder that is an entity, to the transfer of any shares to an Affiliate of such Holder or any of the Holder’s stockholders, members, partners or other equity holders, provided that such Affiliate, stockholder, member, partner or other equity holder agrees to be bound in writing by the restrictions set forth herein and no public disclosure or filing under the Exchange Act by any party to the transfer (the Holder, Affiliate, stockholder, member, partner or other equity holder ) shall be required, or made voluntarily, during the Lock-up Period, and (e) shall be applicable to the Holders only if all officers and directors are subject to the same restrictions and the Company obtains a similar agreement from all stockholders individually owning more than one percent (1%) of the Company’s outstanding Common Stock (after giving effect to conversion into Common Stock of all outstanding Preferred Stock). The underwriters in connection with such registration are intended third-party beneficiaries of this Subsection 2.11 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto. Each Holder further agrees to execute such agreements as may be reasonably requested by the underwriters in connection with such registration that are consistent with this Subsection 2.11 or that are necessary to give further effect thereto. Any discretionary waiver or termination of the restrictions of any or all of such agreements by the Company or the underwriters shall apply pro rata to all directors, officers, and Holders owning more than one percent (1%) of the Company’s outstanding Common Stock (after giving effect to conversion into Common Stock of all outstanding Preferred Stock) subject to such agreements, based on the number of shares subject to such agreements, except that, notwithstanding the foregoing, the Company and the underwriters may, in their sole discretion, waive or terminate these

restrictions with respect to up to one percent (1%) of the Company's then outstanding shares of the Common Stock.

2.12 Restrictions on Transfer.

(a) The Preferred Stock and the Registrable Securities shall not be sold, pledged, or otherwise transferred, and the Company shall not recognize and shall issue stop-transfer instructions to its transfer agent with respect to any such sale, pledge, or transfer, except upon the conditions specified in this Agreement, which conditions are intended to ensure compliance with the provisions of the Securities Act. A transferring Holder will cause any proposed purchaser, pledgee, or transferee of the Preferred Stock and the Registrable Securities held by such Holder to agree to take and hold such securities subject to the provisions and upon the conditions specified in this Agreement.

(b) Each certificate, instrument, or book entry representing (i) the Preferred Stock, (ii) the Registrable Securities, and (iii) any other securities issued in respect of the securities referenced in clauses (i) and (ii), upon any stock split, stock dividend, recapitalization, merger, consolidation, or similar event, shall (unless otherwise permitted by the provisions of Subsection 2.12(c)) be notated with a legend substantially in the following form:

THE SECURITIES REPRESENTED HEREBY HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. SUCH SHARES MAY NOT BE SOLD, PLEDGED, OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR A VALID EXEMPTION FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SAID ACT.

THE SECURITIES REPRESENTED HEREBY MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF AN AGREEMENT BETWEEN THE COMPANY AND THE STOCKHOLDER, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY.

The Holders consent to the Company making a notation in its records and giving instructions to any transfer agent of the Restricted Securities in order to implement the restrictions on transfer set forth in this Subsection 2.12.

(c) The holder of such Restricted Securities, by acceptance of ownership thereof, agrees to comply in all respects with the provisions of this Section 2. Before any proposed sale, pledge, or transfer of any Restricted Securities, unless there is in effect a registration statement under the Securities Act covering the proposed transaction, the Holder thereof shall give notice to the Company of such Holder's intention to effect such sale, pledge, or transfer. Each such notice shall describe the manner and circumstances of the proposed sale, pledge, or transfer in sufficient detail and, if reasonably requested by the Company, shall be accompanied at such Holder's expense by either (i) a written opinion of legal counsel who shall, and whose legal opinion shall, be reasonably satisfactory to the Company, addressed to the Company, to the effect that the proposed transaction may be effected without registration under the Securities Act; (ii) a "no action" letter from the SEC to the effect that the proposed sale, pledge, or transfer of such Restricted Securities without registration will not result in a recommendation by the staff of the SEC that action be taken with respect thereto; or (iii) any other evidence reasonably satisfactory to counsel to the Company to the effect that the proposed sale, pledge, or transfer of the Restricted Securities may be effected without registration under the Securities Act, whereupon the Holder of such Restricted Securities shall be entitled to sell, pledge, or transfer such Restricted Securities in accordance with the terms of the

notice given by the Holder to the Company. The Company will not require such a legal opinion or “no action” letter (x) in any transaction in compliance with SEC Rule 144; (y) in any transaction in which such Holder distributes Restricted Securities to an Affiliate of such Holder for no consideration; or (z) in any transaction in which such Holder transfers Restricted Securities by gift, will or intestate succession to his or her Immediate Family Member or trust for the benefit of an individual Holder or one or more of such Holder’s Immediate Family Members; provided that each transferee agrees in writing to be subject to the terms of this Subsection 2.12. Each certificate, instrument, or book entry representing the Restricted Securities transferred as above provided shall be notated with, except if such transfer is made pursuant to SEC Rule 144, the appropriate restrictive legend set forth in Subsection 2.12(b), except that such certificate instrument, or book entry shall not be notated with such restrictive legend if, in the opinion of counsel for such Holder and the Company, such legend is not required in order to establish compliance with any provisions of the Securities Act.

2.13 Termination of Registration Rights. The right of any Holder to request registration or inclusion of Registrable Securities in any registration pursuant to Subsections 2.1 or 2.2 shall terminate upon the earliest to occur of:

- (a) the closing of a Deemed Liquidation Event, as such term is defined in the Company’s Certificate of Incorporation;
- (b) such time as Rule 144 or another similar exemption under the Securities Act is available for the sale of all of such Holder’s shares without limitation during a three-month period without registration; and
- (c) the fifth anniversary of the IPO.

### 3. Information and Observer Rights.

3.1 Delivery of Financial Statements. The Company shall deliver to each Major Investor, provided that the Board has not reasonably determined that such Major Investor is a Competitor:

(a) as soon as practicable, but in any event within one hundred twenty (120) days after the end of each fiscal year of the Company (i) a balance sheet as of the end of such year, (ii) statements of income and of cash flows for such year, and a comparison between (x) the actual amounts as of and for such fiscal year and (y) the comparable amounts for the prior year and as included in the Budget (as defined in Subsection 3.1(e)) for such year, with an explanation of any material differences between such amounts and a schedule as to the sources and applications of funds for such year, and (iii) a statement of stockholders’ equity as of the end of such year, all such financial statements audited and certified by independent public accountants of recognized standing selected by the Board; provided, however, the obligation to deliver such financial statements shall be suspended until the completion of the fiscal year ended December 31, 2018; provided further that the obligation that such financial statements be audited and certified may be waived by the Board (including a majority of the Preferred Directors, which majority includes the Series B Director), or the Requisite Holders (as such term is defined in the Certificate of Incorporation);

(b) as soon as practicable, but in any event within forty-five (45) days after the end of each of the first three (3) quarters of each fiscal year of the Company, unaudited statements of income and cash flows for such fiscal quarter, and an unaudited balance sheet and a statement of stockholders’ equity as of the end of such fiscal quarter, all prepared in accordance with GAAP (except that

such financial statements may (i) be subject to normal year-end audit adjustments; and (ii) not contain all notes thereto that may be required in accordance with GAAP);

(c) as soon as practicable, but in any event within forty-five (45) days after the end of each of the first three (3) quarters of each fiscal year of the Company, a statement showing the number of shares of each class and series of capital stock and securities convertible into or exercisable for shares of capital stock outstanding at the end of the period, the Common Stock issuable upon conversion or exercise of any outstanding securities convertible or exercisable for Common Stock and the exchange ratio or exercise price applicable thereto, and the number of shares of issued stock options and stock options not yet issued but reserved for issuance, if any, all in sufficient detail as to permit the Major Investors to calculate their respective percentage equity ownership in the Company, and certified by the chief financial officer or chief executive officer of the Company as being true, complete, and correct;

(d) as soon as practicable, but in any event within thirty (30) days of the end of each month, an unaudited income statement and statement of cash flows for such month, and an unaudited balance sheet as of the end of such month, all prepared in accordance with GAAP (except that such financial statements may (i) be subject to normal year-end audit adjustments and (ii) not contain all notes thereto that may be required in accordance with GAAP);

(e) as soon as practicable, but in any event thirty (30) days before the end of each fiscal year, a budget and business plan for the next fiscal year (collectively, the “**Budget**”), approved by the Board and prepared on a monthly basis, including balance sheets, income statements, and statements of cash flow for such months and, promptly after prepared, any other budgets or revised budgets prepared by the Company; and

(f) such other information relating to the financial condition, business, prospects, or corporate affairs of the Company as any Major Investor may from time to time reasonably request; provided, however, that the Company shall not be obligated under this Subsection 3.1 to provide information (i) that the Company reasonably determines in good faith to be a trade secret or confidential information (unless covered by an enforceable confidentiality agreement, in a form acceptable to the Company); or (ii) the disclosure of which would adversely affect the attorney-client privilege between the Company and its counsel.

If, for any period, the Company has any subsidiary whose accounts are consolidated with those of the Company, then in respect of such period the financial statements delivered pursuant to the foregoing sections shall be the consolidated and consolidating financial statements of the Company and all such consolidated subsidiaries.

Notwithstanding anything else in this Subsection 3.1 to the contrary, the Company may cease providing the information set forth in this Subsection 3.1 during the period starting with the date thirty (30) days before the Company’s good-faith estimate of the date of filing of a registration statement if it reasonably concludes it must do so to comply with the SEC rules applicable to such registration statement and related offering; provided that the Company’s covenants under this Subsection 3.1 shall be reinstated at such time as the Company is no longer actively employing its commercially reasonable efforts to cause such registration statement to become effective.

3.2 Inspection. The Company shall permit each Major Investor (provided that the Board has not reasonably determined that such Major Investor is a Competitor), at such Major Investor’s expense, to visit and inspect the Company’s properties; examine its books of account and records; and discuss the Company’s affairs, finances, and accounts with its officers, during normal business hours of the



Company as may be reasonably requested by the Major Investor; provided, however, that the Company shall not be obligated pursuant to this Subsection 3.2 to provide access to any information that it reasonably and in good faith considers to be a trade secret or confidential information (unless covered by an enforceable confidentiality agreement, in form acceptable to the Company) or the disclosure of which would adversely affect the attorney-client privilege between the Company and its counsel.

3.3 Observer Rights. As long as Hillhouse owns not less than twenty percent (20%) of the shares of Series B Preferred Stock it is purchasing under the Purchase Agreement (or an equivalent amount of Common Stock issued upon conversion thereof), the Company shall invite a representative of Hillhouse to attend all meetings of the Board in a nonvoting observer capacity and, in this respect, shall give such representative copies of all notices, minutes, consents, and other materials that it provides to its directors: provided, however, that such representative shall agree to hold in confidence and trust and to act in a fiduciary manner with respect to all information so provided; and provided further, that the Company reserves the right to withhold any information and to exclude such representative from any meeting or portion thereof if access to such information or attendance at such meeting could adversely affect the attorney-client privilege between the Company and its counsel or result in disclosure of trade secrets or a conflict of interest, or if such Investor or its representative is a Competitor of the Company.

3.4 Termination of Information, Inspection and Observer Rights. The covenants set forth in Subsections 3.1, 3.2 and 3.3 shall terminate and be of no further force or effect (i) immediately before the consummation of a Qualified IPO, as such term is defined in the Company's Certificate of Incorporation, (ii) when the Company first becomes subject to the periodic reporting requirements of Section 12(g) or 15(d) of the Exchange Act, or (iii) upon a Deemed Liquidation Event, as such term is defined in the Company's Certificate of Incorporation, whichever event occurs first.

### 3.5 Confidentiality; Name Use.

(a) Each Investor agrees that such Investor will keep confidential and will not disclose, divulge, or use for any purpose (other than to monitor its investment in the Company) any confidential information obtained from the Company pursuant to the terms of this Agreement (including notice of the Company's intention to file a registration statement), unless such confidential information (a) is known or becomes known to the public in general (other than as a result of a breach of this Subsection 3.5 by such Investor), (b) is or has been independently developed or conceived by the Investor without use of the Company's confidential information, or (c) is or has been made known or disclosed to the Investor by a third party without a breach of any obligation of confidentiality such third party may have to the Company; provided, that an Investor may disclose confidential information (i) to its attorneys, accountants, consultants, and other professionals to the extent necessary to obtain their services in connection with monitoring its investment in the Company if such person is bound by an ethical duty to keep such information confidential or such person is bound by a confidentiality agreement with terms no less restrictive than, or otherwise agrees to be bound by the provisions, contained in this Subsection 3.5; (ii) to any prospective purchaser of any Registrable Securities from such Investor, if such prospective purchaser agrees to be bound by the provisions of this Subsection 3.5; (iii) to any existing or prospective Affiliate, partner, member, stockholder, or wholly owned subsidiary of such Investor in the ordinary course of business, provided that such Investor informs such Person that such information is confidential and directs such Person to maintain the confidentiality of such information; or (iv) as may otherwise be required by law, provided that the Investor promptly notifies the Company of such disclosure and takes reasonable steps to minimize the extent of any such required disclosure.

(b) Without the prior written consent of Hillhouse, none of the parties hereto shall use, publish, reproduce, or refer to the name of Hillhouse and/or controlling persons, or the name “Hillhouse,” “□□,” “Gaoling,” “Lei Zhang” or any similar name, trademark or logo in any documents or materials, including for marketing or other purposes.

3.6 **“Bad Actor” Covenant.** In the event the Company proposes an offering of its securities in reliance on Rule 506 of the Securities Act, the Company intends to conduct an inquiry of all Investors that beneficially own 20% or more of the Company’s then outstanding voting equity securities, calculated on the basis of voting power (each, a **“20% Holder”**), as to whether any 20% Holder or any Rule 506(d) Related Party of such 20% Holder is a “bad actor” within the meaning of Rule 506(d) promulgated under the Securities Act (each, a **“Bad Actor”**). Each Stockholder hereby agrees that it shall provide information reasonably requested by the Company in order to conduct its inquiry within five (5) business days after the date of the Company’s request therefor or as otherwise mutually agreed between such Stockholder and the Company. For purposes of this Agreement, **“Rule 506(d) Related Party”** shall mean a person or entity covered by the “Bad Actor disqualification” provision of Rule 506(d) of the Securities Act.

#### 4. Rights to Future Stock Issuances.

##### 4.1 Right of First Offer.

(a) Subject to the terms and conditions of this Subsection 4.1 and applicable securities laws, if the Company proposes to offer or sell any New Securities, the Company shall first offer such New Securities to each Major Investor and LPE II (**“LPE II”**) and each Major Investor and LPE II, a **“Preemptive Rights Holder”**). A Major Investor shall be entitled to apportion the right of first offer hereby granted to it in such proportions as it deems appropriate, among (i) itself and (ii) its Affiliates; provided that each such Affiliate (x) is not a Competitor, unless such party’s purchase of New Securities is otherwise consented to by the Board, and (y) agrees to enter into this Agreement and each of the Voting Agreement and Right of First Refusal and Co-Sale Agreement (as such terms are defined in the Purchase Agreement), as an **“Investor”** under each such agreement (provided that any Competitor shall not be entitled to any rights as a Major Investor or Preemptive Rights Holder under Subsections 3.1, 3.2 and 4.1 hereof).

(b) The Company shall give notice (the **“Offer Notice”**) to each Preemptive Rights Holder, stating (i) its bona fide intention to offer such New Securities, (ii) the number of such New Securities to be offered, and (iii) the price and terms, if any, upon which it proposes to offer such New Securities.

(c) By notification to the Company within twenty (20) days after the Offer Notice is given, each Preemptive Rights Holder may elect to purchase or otherwise acquire, at the price and on the terms specified in the Offer Notice, up to that portion of such New Securities which equals the proportion that the Common Stock then held by such Preemptive Rights Holder (including all shares of Common Stock then issuable (directly or indirectly) upon conversion and/or exercise, as applicable, of the Preferred Stock and any other Derivative Securities then held by such Preemptive Rights Holder) bears to the total Common Stock of the Company then held by all Preemptive Rights Holders (including all shares of Common Stock then issuable (directly or indirectly) upon conversion and/or exercise, as applicable, of the Preferred Stock and any other Derivative Securities then held by all Preemptive Rights Holders). At the expiration of such twenty (20) day period, the Company shall promptly notify each Preemptive Rights Holder that elects to purchase or acquire all the shares available to it (each, a **“Fully Exercising Investor”**) of any other Preemptive Rights Holder’s failure to do likewise. During the ten (10) day period commencing

after the Company has given such notice, each Fully Exercising Investor may, by giving notice to the Company, elect to purchase or acquire, in addition to the number of shares specified above, up to that portion of the New Securities for which Preemptive Rights Holders were entitled to subscribe but that were not subscribed for by the Preemptive Rights Holders which is equal to the proportion that the Common Stock issued and held, or issuable (directly or indirectly) upon conversion and/or exercise, as applicable, of the Preferred Stock and any other Derivative Securities then held, by such Fully Exercising Investor bears to the Common Stock issued and held, or issuable (directly or indirectly) upon conversion and/or exercise, as applicable, of Preferred Stock and any other Derivative Securities then held, by all Fully Exercising Investors who wish to purchase such unsubscribed shares, or such greater amount of such New Securities as may be available as a result of any Fully Exercising Investor not fully exercising their right to acquire additional New Securities. The closing of any sale pursuant to this Subsection 4.1(c) shall occur within the later of ninety (90) days of the date that the Offer Notice is given and the date of initial sale of New Securities pursuant to Subsection 4.1(c) or such later date as is reasonably required to obtain any required regulatory approvals.

(d) If all New Securities referred to in the Offer Notice are not elected to be purchased or acquired as provided in Subsection 4.1(c), the Company may, during the ninety (90) day period following the expiration of the periods provided in Subsection 4.1(c), offer and sell the remaining unsubscribed portion of such New Securities to any Person or Persons at a price not less than, and upon terms no more favorable to the offeree than, those specified in the Offer Notice. If the Company does not enter into an agreement for the sale of the New Securities within such period, or if such agreement is not consummated within thirty (30) days of the execution thereof, the right provided hereunder shall be deemed to be revived and such New Securities shall not be offered unless first reoffered to the Preemptive Rights Holders in accordance with this Subsection 4.1.

(e) The right of first offer in this Subsection 4.1 shall not be applicable to (i) Exempted Securities (as defined in the Company's Certificate of Incorporation); (ii) shares of Series B Preferred Stock issued pursuant to the Purchase Agreement; and (iii) shares of Common Stock issued in the IPO.

(f) The rights provided in this Subsection 4.1 may not be assigned or transferred by LPE II.

4.2 Termination. The covenants set forth in Subsection 4.1 shall terminate and be of no further force or effect (i) immediately before the consummation of the Qualified IPO (as defined in the Certificate of Incorporation), (ii) when the Company first becomes subject to the periodic reporting requirements of Section 12(g) or 15(d) of the Exchange Act, or (iii) upon a Deemed Liquidation Event, as such term is defined in the Company's Certificate of Incorporation, whichever event occurs first.

## 5. Additional Covenants.

5.1 Insurance. The Company shall use its commercially reasonable efforts to maintain, from financially sound and reputable insurers Directors and Officers liability insurance and term "key-person" insurance on Faheem Hasnain and Sheila Gujrathi, each in an amount and on terms and conditions satisfactory to the Board of Directors until such time as the Board of Directors determines that such insurance should be discontinued. The key-person policy shall name the Company as loss payee, and neither policy shall be cancelable by the Company without prior approval by the Board of Directors, including a majority of the Preferred Directors (which majority shall include the Series B Director), or prior approval by the Requisite Holders. Each Key Holder hereby covenants and agrees that, to the extent such

Key Holder is named under such key-person policy, such Key Holder will execute and deliver to the Company, as reasonably requested, a written notice and consent form with respect to such policy. Notwithstanding any other provision of this Section 5.1 to the contrary, for so long as a Preferred Director is serving on the Board of Directors, the Company shall not cease to maintain a Directors and Officers liability insurance policy in the amount of the initial policy approved by the Board of Directors unless approved by such Preferred Director.

5.2 Employee Agreements. The Company will cause (i) each person now or hereafter employed by it or by any subsidiary (or engaged by the Company or any subsidiary as a consultant/independent contractor) with access to confidential information and/or trade secrets to enter into a nondisclosure and proprietary rights assignment agreement; and (ii) each Key Employee to enter into a one (1) year nonsolicitation agreement, substantially in the form approved by the Board. In addition, the Company shall not amend, modify, terminate, waive, or otherwise alter, in whole or in part, any of the above-referenced agreements or any restricted stock agreement between the Company and any employee, without the consent of the Board, including a majority of the Preferred Directors (which majority shall include the Series B Director), or the consent of the Requisite Holders.

5.3 Employee Stock. Unless otherwise approved by the Board, including a majority of the Preferred Directors (which majority shall include the Series B Director), or by the Requisite Holders, all future employees and consultants of the Company who purchase, receive options to purchase, or receive awards of shares of the Company's capital stock after the date hereof shall be required to execute restricted stock or option agreements, as applicable, providing for (i) vesting of shares over a four (4) year period, with the first twenty-five percent (25%) of such shares vesting following twelve (12) months of continued employment or service, and the remaining shares vesting in equal monthly installments over the following thirty-six (36) months, and (ii) a market stand-off provision substantially similar to that in Subsection 2.11. In addition, unless otherwise approved by the Board, including a majority of the Preferred Directors (which majority shall include the Series B Director), or by the Requisite Holders, the Company shall retain a "right of first refusal" on employee transfers until the Company's IPO and shall have the right to repurchase unvested shares at cost upon termination of employment of a holder of restricted stock.

5.4 Matters Requiring Investor Director Approval. So long as either (x) the holders of Series A Preferred Stock are entitled to elect one or more Series A Directors or (y) the holders of the Series B Preferred Stock are entitled to elect one or more Series B Directors, the Company hereby covenants and agrees with each of the Investors that it shall not, nor shall it permit any subsidiary of the Company to, without approval of the Board, which approval must include the affirmative vote of a majority of the Preferred Directors (which majority shall include a Series B Director), or the approval of the Requisite Holders:

(a) make, or permit any subsidiary to make, any loan or advance to, or own any stock or other securities of, any subsidiary or other corporation, partnership, or other entity unless it is wholly owned by the Company;

(b) make, or permit any subsidiary to make, any loan or advance to any Person, including, without limitation, any employee or director of the Company or any subsidiary, in excess of \$100,000 (in the case of individuals) or \$500,000 (in the case of Persons that are not individuals), except advances and similar expenditures in the ordinary course of business or under the terms of an employee stock or option plan approved by the Board;

- (c) guarantee, directly or indirectly, or permit any subsidiary to guarantee, directly or indirectly, any indebtedness of any third party, except for trade accounts of the Company or any subsidiary arising in the ordinary course of business;
- (d) make any investment inconsistent with any investment policy approved by the Board;
- (e) incur any aggregate indebtedness in excess of \$500,000 that is not already included in a budget approved by the Board, other than trade credit incurred in the ordinary course of business;
- (f) enter into or be a party to any transaction with any stockholder, director or officer of the Company or any “associate” (as defined in Rule 12b-2 promulgated under the Exchange Act) of any such Person, except for transactions contemplated by this Agreement and the Purchase Agreement or transactions (including agreements related to the compensation of the Company’s executive officers) made in the ordinary course of business upon fair and reasonable terms that are approved by a majority of the disinterested members of the Board;
- (g) increase the shares of Common Stock reserved for issuance under the Company’s equity incentive plan or adopt any other equity incentive plan;
- (h) hire or terminate the chief executive officer;
- (i) enter into any corporate strategic relationship involving the payment, contribution, or assignment of money or assets which exceeds \$5,000,000 in any single transaction or in the aggregate ten percent (10%) of the aggregate value of the Company’s net assets on a consolidated basis in any consecutive twelve-month period;
- (j) sell, lease, transfer, exclusively license or otherwise dispose of material assets and/or intellectual property of the Company or its subsidiaries, in one or a series of related transactions, the aggregate value of which exceeds \$5,000,000 in any single transaction or in the aggregate ten percent (10%) of the aggregate value of the Company’s net assets on a consolidated basis in any consecutive twelve-month period;
- (k) acquire (by merger or stock or asset purchase or otherwise) any Person, business or asset in one or a series of related transactions, the aggregate value of which exceeds \$5,000,000 in any such one or series of related transactions or in the aggregate ten percent (10%) of the aggregate value of the Company’s net assets on a consolidated basis in any consecutive twelve-month period;
- (l) make any material change in the business plan or business scope;
- (m) settle any material litigation, arbitration or legal disputes;
- (n) appoint or remove the Company’s auditor or change materially in accounting policies and standards, including financial year or tax year of the Company;
- (o) effect any single capital expenditure, the value of which exceeds \$5,000,000 in any single transaction or in the aggregate ten percent (10%) of the aggregate value of the Company’s net assets in any fiscal year; or

(p) enter into an agreement to do any of the foregoing.

For purposes of this Section 5.4, the value of any net assets shall be the value as determined by the Company in good faith. Upon the request of any Investor, the Company shall provide such Investor with reasonable written documentation supporting the basis of such determination of value, and provide such Investor with reasonable access to the personnel, properties, books and records of the Company for the purpose of evaluating the foregoing determination. If such Investor raises any reasonable objections to the foregoing determination, the Company shall consider in good faith such objections and make such revisions to the final determination of value as may be mutually agreed between the Company and such Investor. Notwithstanding anything to the contrary in this Section 5.4, such approval of the Board or the Requisite Holders shall not be required with respect to actions contemplated by any agreements entered into between the Company and its stockholder(s) on or prior to the date hereof.

5.5 Board Matters. Unless otherwise determined by the vote of a majority of the directors (which majority shall include a Series B Director) then in office, the Board shall meet at least quarterly in accordance with an agreed-upon schedule. The Company shall reimburse the directors for all reasonable out-of-pocket travel expenses incurred (consistent with the Company's travel policy) in connection with attending meetings of the Board. The Company shall cause to be established, as soon as practicable after such request, and will maintain, an audit committee and a compensation committee, each of which shall consist solely of non-management directors. So long as ARCH is entitled to designate at least one (1) Series A Director, ARCH shall have the option to include at least one (1) director designated by it under the Voting Agreement on each committee of the Board. So long as Omega is entitled to designate at least one (1) Series A Director, Omega shall have the option to include at least one (1) director designated by it under the Voting Agreement on each committee of the Board. So long as Hillhouse is entitled to designate at least one (1) Series B Director, Hillhouse shall have the option to include at least one (1) director designated by it under the Voting Agreement on each committee of the Board.

5.6 Successor Indemnification. If the Company or any of its successors or assignees consolidates with or merges into any other Person and is not the continuing or surviving corporation or entity of such consolidation or merger, then to the extent necessary, proper provision shall be made so that the successors and assignees of the Company assume the obligations of the Company with respect to indemnification of members of the Board as in effect immediately before such transaction, whether such obligations are contained in the Company's Bylaws, its Certificate of Incorporation, or elsewhere, as the case may be.

5.7 Expenses of Counsel. In the event of a transaction which is a Sale of the Company (as defined in the Voting Agreement), the reasonable fees and disbursements of one counsel for the Investors ("**Investor Counsel**"), in their capacities as stockholders, shall be borne and paid by the Company, which amount shall not exceed \$100,000. At the outset of considering a transaction which, if consummated would constitute a Sale of the Company, the Company shall obtain the ability to share with the Investor Counsel (and such counsel's clients) and shall share the confidential information (including, without limitation, the initial and all subsequent drafts of memoranda of understanding, letters of intent and other transaction documents and related noncompete, employment, consulting and other compensation agreements and plans) pertaining to and memorializing any of the transactions which, individually or when aggregated with others would constitute the Sale of the Company. The Company shall be obligated to share (and cause the Company's counsel and investment bankers to share) such materials when distributed to the Company's executives and/or any one or more of the other parties to such transaction(s). In the event that Investor Counsel deems it appropriate, in its reasonable discretion, to enter into a joint defense agreement or other arrangement to enhance the ability of the parties to protect their communications and other

reviewed materials under the attorney client privilege, the Company shall, and shall direct its counsel to, execute and deliver to Investor Counsel and its clients such an agreement in form and substance reasonably acceptable to Investor Counsel. In the event that one or more of the other party or parties to such transactions require the clients of Investor Counsel to enter into a confidentiality agreement and/or joint defense agreement in order to receive such information, then the Company shall share whatever information can be shared without entry into such agreement and shall, at the same time, in good faith work expeditiously to enable Investor Counsel and its clients to negotiate and enter into the appropriate agreement(s) without undue burden to the clients of Investor Counsel.

5.8 Right to Conduct Activities. The Company hereby agrees and acknowledges that Hillhouse, ARCH, Omega, Clough Capital Partners L.P., Samsara BioCapital, L.P. and their respective Affiliates are professional venture capital or similar investment funds (collectively, the “**Funds**”), and as such invest in numerous portfolio companies, some of which may be deemed competitive with the Company’s business (as currently conducted or as may be conducted in the future). The parties agree that no Fund or any Fund Affiliate investment fund or any of their Affiliates, or any of their or their Affiliates’ partners, officers or representatives, in his, her or its capacity as such, which manage or advise any such investment funds, shall be considered a Competitor of the Company solely as a result of such investment, management or advisory activities for purposes of this Agreement, and the Company agrees that, to the extent permitted under applicable law, neither the Funds nor their Affiliates shall be liable to the Company for any claim arising out of, or based upon, (i) the investment by a Fund or any of their Affiliates in any entity competitive with the Company, or (ii) actions taken by any partner, officer or other representative of a Fund or Fund Affiliate to assist any such competitive company, whether or not such action was taken as a member of the board of directors of such competitive company or otherwise, and whether or not such action has a detrimental effect on the Company; provided, however, that the foregoing shall not relieve (x) any of the Funds from liability associated with the unauthorized use or disclosure of the Company’s confidential information obtained pursuant to this Agreement, or (y) any director or officer of the Company from any liability associated with his or her fiduciary duties to the Company.

5.9 Tax Reporting. The Company will comply with any obligation imposed on the Company to make any filing (including any filing on Internal Revenue Service Form 5471) as a result of any interest that the Company holds in a non-U.S. Person or any activities that the Company conducts outside of the U.S. and shall include in such filing any information necessary to obviate (to the extent possible) any similar obligation to which any shareholder would otherwise be subject with respect to such interest or such activity. The Company shall reasonably promptly provide each Investor with a copy of any such filing.

5.10 Amendment of Certificate of Incorporation. To the extent that on the 120-day anniversary of the date hereof, the number of issued and outstanding shares of Series B Preferred Stock is less than the number of authorized shares of Series B Preferred Stock as set forth in the Certificate of Incorporation, the Company shall amend, and the parties hereto hereby consents to the amendment of, the Certificate of Incorporation to reduce the number of authorized shares of Series B Preferred Stock as set forth in the Certificate of Incorporation to equal the number of issued and outstanding shares of Series B Preferred Stock.

5.11 Side Agreement. If the Company provides any other existing or prospective stockholder of the Company other than Hillhouse any rights, privileges, preferences or other terms that are more favorable than, or in addition to, the rights, privileges, preferences or terms herein or in the other Transaction Agreements (as defined in the Purchase Agreement) or Certificate of Incorporation, the Company shall promptly, and in any event within three (3) business days, disclose such rights, privileges,

preferences or terms to Hillhouse, and, if so requested by Hillhouse, provide any such rights, privileges, preferences or terms to Hillhouse; provided that the foregoing provisions of this Subsection 5.11 shall not apply to rights, privileges, preferences or terms granted to purchasers of any additional class or series of capital stock of the Company that is senior to, and has an Original Issue Price (as defined in the Certificate of Incorporation) higher than that of, the Series B Preferred Stock.

5.12 Termination of Covenants. The covenants set forth in this Section 5, except for Subsections 5.6 through 5.10 shall terminate and be of no further force or effect (i) immediately before the consummation of the Qualified IPO, as such term is defined in the Company's Certificate of Incorporation, (ii) when the Company first becomes subject to the periodic reporting requirements of Section 12(g) or 15(d) of the Exchange Act, or (iii) upon a Deemed Liquidation Event, as such term is defined in the Company's Certificate of Incorporation, whichever event occurs first.

## 6. Miscellaneous.

6.1 Successors and Assigns. The rights under this Agreement may be assigned (but only with all related obligations) by a Holder to a transferee of Registrable Securities that (i) is an Affiliate of a Holder; (ii) is a Holder's Immediate Family Member or trust for the benefit of an individual Holder or one or more of such Holder's Immediate Family Members; or (iii) after such transfer, holds at least 5,000,000 shares of Registrable Securities (subject to appropriate adjustment for stock splits, stock dividends, combinations, and other recapitalizations); provided, however, that (x) the Company is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee and the Registrable Securities with respect to which such rights are being transferred; and (y) such transferee agrees in a written instrument delivered to the Company to be bound by and subject to the terms and conditions of this Agreement, including the provisions of Subsection 2.11. For the purposes of determining the number of shares of Registrable Securities held by a transferee, the holdings of a transferee (1) that is an Affiliate or stockholder of a Holder; (2) who is a Holder's Immediate Family Member; or (3) that is a trust for the benefit of an individual Holder or such Holder's Immediate Family Member shall be aggregated together and with those of the transferring Holder; provided further that all transferees who would not qualify individually for assignment of rights shall have a single attorney-in-fact for the purpose of exercising any rights, receiving notices, or taking any action under this Agreement. The terms and conditions of this Agreement inure to the benefit of and are binding upon the respective successors and permitted assignees of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and permitted assignees any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided herein.

6.2 Governing Law. This Agreement shall be governed by the internal law of the State of Delaware.

6.3 Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via electronic mail (including pdf or any electronic signature complying with the U.S. federal E-SIGN Act of 2000, *e.g.*, [www.docusign.com](http://www.docusign.com)) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

6.4 Titles and Subtitles. The titles and subtitles used in this Agreement are for convenience only and are not to be considered in construing or interpreting this Agreement.



6.5 Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given upon the earlier of actual receipt or (i) personal delivery to the party to be notified; (ii) when sent, if sent by electronic mail during the recipient's normal business hours, and if not sent during normal business hours, then on the recipient's next business day; (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (iv) one (1) business day after the business day of deposit with a nationally recognized overnight courier, freight prepaid, specifying next-day delivery, with written verification of receipt. All communications shall be sent to the respective parties at their addresses as set forth on Schedule A hereto, hereto, or to the principal office of the Company and to the attention of the Chief Executive Officer, in the case of the Company or to such email address or physical address as subsequently modified by written notice given in accordance with this Subsection 6.5. If notice is given to the Company, a copy shall also be sent to Latham & Watkins LLP, 12670 High Bluff Drive, San Diego, CA 92130; Attn: Matthew T. Bush; Phone: (858) 523-3962; email: matt.bush@lw.com, and if notice is given to the Purchasers, a copy shall also be sent to Goodwin Procter LLP, The New York Times Building, Suite 2801, One Exchange Square, 8 Connaught Place, Central, Hong Kong; Attn: Yash Rana; Phone: +852 3658 5300; Email: YRana@goodwinlaw.com; and Proskauer Rose LLP, One International Place, Boston, MA 02110; Attn: Ori Solomon; Phone: (617) 526-9889; email: osolomon@proskauer.com.

6.6 Amendments and Waivers.

(a) Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance, and either retroactively or prospectively) only with the written consent of the Company and the holders of at least sixty-five percent (65%) of the Preferred Stock (voting together as a single class and on an as-converted basis); provided that the Company may in its sole discretion waive compliance with Subsection 2.12(c) (and the Company's failure to object promptly in writing after notification of a proposed assignment allegedly in violation of Subsection 2.12(c) shall be deemed to be a waiver); and provided further that any provision hereof may be waived by any waiving party on such party's own behalf, without the consent of any other party.

(b) Notwithstanding the foregoing, this Agreement may not be amended or terminated and the observance of any term hereof may not be waived with respect to any Investor or LPE II without the written consent of such Investor or LPE II (as applicable), unless such amendment, termination, or waiver applies to all Investors and LPE II (if applicable) and no obligation or right of any Investor or LPE II (if applicable) is adversely affected in a manner different than the other Investors; provided, that a waiver of the provisions of Section 4 with respect to a particular transaction shall be deemed to apply to all Investors and LPE II if such waiver does so by its terms, notwithstanding the fact that certain Investors may nonetheless, by agreement with the Company, purchase securities in such transaction, provided further, however, that no Investor that consented to such waiver shall be permitted (and the Company shall not permit any such Investor) to purchase securities in such transaction, unless LPE II is offered the right to participate in such transaction on a pro rata basis with such Investors based on the actual amount of securities purchased (such that the amount of securities offered to LPE II is at least the product of (x) the aggregate amount of such applicable securities purchased by all such Investors and (y) LPE II's as-converted to Common Stock holdings divided by such Investors' aggregate as-converted to Common Stock holdings), it being agreed that such right may be offered subsequent to the initial closing of any such transaction, so long as LPE II shall be given no less than 20 calendar days following the earlier of receipt of the Offer Notice or a notice containing substantially the same information as an Offer Notice to elect to exercise such participation right.

(c) Further, this Agreement may not be amended, and no provision hereof may be waived, in each case, in any way which would adversely affect the rights of the Key Holders hereunder in a manner disproportionate to any adverse effect such amendment or waiver would have on the rights of the Investors hereunder, without also the written consent of the holders of at least a majority of the Registrable Securities held by the Key Holders.

(d) The Company shall give prompt notice of any amendment or termination hereof or waiver hereunder to any party hereto that did not consent in writing to such amendment, termination, or waiver. Any amendment, termination, or waiver effected in accordance with this Subsection 6.6 shall be binding on all parties hereto, regardless of whether any such party has consented thereto. No waivers of or exceptions to any term, condition, or provision of this Agreement, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such term, condition, or provision.

(e) Notwithstanding anything herein to the contrary (i) except with respect to a waiver entered into in compliance with Section 6.6(b) above, Section 4, including the definition of “Preemptive Rights Holder” thereunder, shall not be amended or waived in a manner that denies LPE II the right to participate in future financing rounds in substantially the same manner set forth herein without the written consent of LPE II so long as it holds at least 4,955,752 shares of capital stock of the Company (as adjusted for any stock split, stock dividend, combination, or other recapitalization or reclassification), (ii) Section 6.6(e)(i) and this Section 6.6(e)(ii) shall not be amended or waived without the written consent of LPE II so long as it holds at least 4,955,752 shares of capital stock of the Company (as adjusted for any stock split, stock dividend, combination, or other recapitalization or reclassification), (iii) the third to last sentence of Subsection 5.5 shall not be amended or waived without the written consent of ARCH so long as it remains entitled to designate at least one (1) Series A Director pursuant to the Voting Agreement, (iv) the penultimate sentence of Subsection 5.5 shall not be amended or waived without the written consent of Omega so long as it remains entitled to designate at least one (1) Series A Director pursuant to the Voting Agreement, and (v) the last sentence of Subsection 5.5 shall not be amended or waived without the written consent of Hillhouse so long as it remains entitled to designate at least one (1) Series B Director pursuant to the Voting Agreement.

6.7 Severability. In case any one or more of the provisions contained in this Agreement is for any reason held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement, and such invalid, illegal, or unenforceable provision shall be reformed and construed so that it will be valid, legal, and enforceable to the maximum extent permitted by law.

6.8 Aggregation of Stock. All shares of Registrable Securities held or acquired by Affiliates shall be aggregated together for the purpose of determining the availability of any rights under this Agreement and such Affiliated persons may apportion such rights as among themselves in any manner they deem appropriate.

6.9 Additional Investors. Notwithstanding anything to the contrary contained herein, if the Company issues additional shares of Series B Preferred Stock after the date hereof, any purchaser of such shares of Series B Preferred Stock may become a party to this Agreement by executing and delivering an additional counterpart signature page to this Agreement, and thereafter shall be deemed an “Investor” for all purposes hereunder. No action or consent by the Investors shall be required for such joinder to this Agreement by such additional Investor, so long as such additional Investor has agreed in writing to be bound by all of the obligations as an “Investor” hereunder.

6.10 Entire Agreement. This Agreement (including any Schedules and Exhibits hereto) constitutes the full and entire understanding and agreement among the parties with respect to the subject matter hereof, and any other written or oral agreement relating to the subject matter hereof existing between the parties is expressly canceled.

6.11 Dispute Resolution. Any unresolved controversy or claim arising out of or relating to this Agreement, except as (i) otherwise provided in this Agreement, or (ii) any such controversies or claims arising out of the Company's intellectual property rights for which a provisional remedy or equitable relief is sought, shall be submitted to arbitration by one arbitrator mutually agreed upon by the parties, and if no agreement can be reached within thirty (30) days after names of potential arbitrators have been proposed by the American Arbitration Association (the "AAA"), then by one arbitrator having reasonable experience in corporate finance transactions of the type provided for in this Agreement and who is chosen by the AAA. The arbitration shall take place in San Diego, California, in accordance with the AAA rules then in effect, and judgment upon any award rendered in such arbitration will be binding and may be entered in any court having jurisdiction thereof. There shall be limited discovery prior to the arbitration hearing as follows: (a) exchange of witness lists and copies of documentary evidence and documents relating to or arising out of the issues to be arbitrated, (b) depositions of all party witnesses, and (c) such other depositions as may be allowed by the arbitrators upon a showing of good cause. Depositions shall be conducted in accordance with the Delaware Code of Civil Procedure, the arbitrator shall be required to provide in writing to the parties the basis for the award or order of such arbitrator, and a court reporter shall record all hearings, with such record constituting the official transcript of such proceedings. Each party will bear its own costs in respect of any disputes arising under this Agreement. Each of the parties to this Agreement consents to personal jurisdiction for any equitable action sought in the U.S. District Court for the District of Delaware or the Court of Chancery of the State of Delaware.

6.12 Waiver of Jury Trial: EACH PARTY HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS, THE SECURITIES OR THE SUBJECT MATTER HEREOF OR THEREOF. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS (INCLUDING NEGLIGENCE), BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SECTION HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES HERETO AND THESE PROVISIONS WILL NOT BE SUBJECT TO ANY EXCEPTIONS. EACH PARTY HERETO HEREBY FURTHER WARRANTS AND REPRESENTS THAT SUCH PARTY HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT SUCH PARTY KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

6.13 Delays or Omissions. No delay or omission to exercise any right, power, or remedy accruing to any party under this Agreement, upon any breach or default of any other party under this Agreement, shall impair any such right, power, or remedy of such nonbreaching or nondefaulting party, nor shall it be construed to be a waiver of or acquiescence to any such breach or default, or to any similar breach or default thereafter occurring, nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. All remedies, whether under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

6.14 Acknowledgment. The Company acknowledges that the Investors are in the business of venture capital investing and therefore review the business plans and related proprietary

information of many enterprises, including enterprises which may have products or services which compete directly or indirectly with those of the Company. Nothing in this Agreement shall preclude or in any way restrict the Investors from investing or participating in any particular enterprise whether or not such enterprise has products or services which compete with those of the Company.

6.15 Amendment and Restatement of Prior Agreement; Waiver of Right of First Offer. Upon execution of this Agreement by the Company and Existing Investors holding at least sixty percent (60%) of the Registrable Securities under the Prior Agreement, the Prior Agreement shall thereafter be of no further force and effect and is hereby amended in its entirety and restated herein, and all provisions of rights granted and covenants made in the Prior Agreement are hereby waived, released and superseded in their entirety and shall have no further force or effect including, without limitation, all rights of first offer and any notice period associated therewith otherwise applicable to the transactions contemplated by the Purchase Agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

GOSSAMER BIO, INC.

By: /s/ Faheem Hasnain

Name: Faheem Hasnain

Title: Chief Executive Officer

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

KEY HOLDERS AND INVESTORS:

HASNAIN REVOCABLE TRUST

By: /s/ Faheem Hasnain

Name: Faheem Hasnain

Title: Trustee

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

KEY HOLDERS AND INVESTORS:

JORDAN Y. COHEN AND SHEILA K. GUJRATHI  
LIVING TRUST

By: /s/ Sheila Gujrathi

Name: Sheila Gujrathi

Title: Trustee

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

KEY HOLDERS:

MYLES J. HASNAIN IRREVOCABLE TRUST NUMBER ONE, DATED MARCH 8, 2017

By: /s/ Eric Weitzen

Name: Eric I. Weitzen

Title: Trustee

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**



IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

KEY HOLDERS:

AARON D. HASNAIN IRREVOCABLE TRUST  
NUMBER ONE, DATED MARCH 8, 2017

By: /s/ Eric Weitzen  
Name: Eric I. Weitzen  
Title: Trustee

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

KEY HOLDERS:

JADEN K. COHEN IRREVOCABLE TRUST NUMBER 1,  
DATED NOVEMBER 7, 2017

By: /s/ Sunil Gujrathi

Name: Sunil Gujrathi

Title: Trustee

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

KEY HOLDERS:

SORREL K. COHEN IRREVOCABLE TRUST  
NUMBER 1, DATED NOVEMBER 7, 2017

By: /s/ Sunil Gujrathi

Name: Sunil Gujrathi

Title: Trustee

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

HH GOSS HOLDINGS LLC

By: /s/ Colm O'Connell

Name: Colm O'Connell

Title: Authorized Signatory

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

OMEGA FUND V, L.P.

By: Omega Fund V GP, L.P.,  
its General Partner

By: Omega Fund V GP Manager, Ltd.,  
its General Partner

By: /s/ Richard Lim

Name: Richard Lim

Title: Director

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

ARCH Venture Fund IX, L.P.

ARCH Venture Fund IX Overage, L.P.

ARCH Venture Fund IX, L.P.  
By: ARCH Venture Partners IX, L.P.  
Its: General Partner  
By: ARCH Venture Partners IX, LLC  
Its: General Partner

/s/ Mark McDonnell

By: Managing Director  
Name: Mark McDonnell

ARCH Venture Fund IX Overage, L.P.  
By: ARCH Venture Partners IX Overage, L.P.  
Its: General Partner  
By: ARCH Venture Partners IX, LLC  
Its: General Partner

/s/ Mark McDonnell

By: Managing Director  
Name: Mark McDonnell

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

PLATINUM FALCON B 2018 RSC LTD

By: /s/ Humaid Bin Butti Bin Humaid Bin Bishr AlMarri

Name: Humaid Bin Butti Bin Humaid Bin Bishr  
AlMarri

Title: Authorised Signatory

By: /s/ Ahmed Mohamed Ghubash Saeed AlMarri

Name: Ahmed Mohamed Ghubash Saeed AlMarri

Title: Authorised Signatory

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

ARTAL INTERNATIONAL S.C.A.

By: Artal International Management S.A.  
Its Managing Partner

By: /s/ Anne Goffard  
Name: Anne Goffard  
Title: Managing Director

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**



IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

BAUPOST PRIVATE INVESTMENTS A-3, L.L.C.

By: Baupost Limited Partnership 1983 A-1,  
its sole member

By: The Baupost Group, L.L.C.,  
its managing general partner

By: /s/ Gregory Ciongoli

Name: Gregory A. Ciongoli

Title: Partner

BAUPOST PRIVATE INVESTMENTS B-3, L.L.C.

By: Baupost Limited Partnership 1983 B-1,  
its sole member

By: The Baupost Group, L.L.C.,  
its managing general partner

By: /s/ Gregory Ciongoli

Name: Gregory A. Ciongoli

Title: Partner

BAUPOST PRIVATE INVESTMENTS C-3, L.L.C.

By: Baupost Limited Partnership 1983 C-1,  
its sole member

By: The Baupost Group, L.L.C.,  
its managing general partner

By: /s/ Gregory Ciongoli

Name: Gregory A. Ciongoli

Title: Partner

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

BAUPOST PRIVATE INVESTMENTS H-3, L.L.C.

By: HB Institutional Limited Partnership,  
its sole member

By: The Baupost Group, L.L.C.,  
its managing general partner

By: /s/ Gregory Ciongoli  
Name: Gregory A. Ciongoli  
Title: Partner

BAUPOST PRIVATE INVESTMENTS P-3, L.L.C.

By: PB Institutional Limited Partnership,  
its sole member

By: The Baupost Group, L.L.C.,  
its managing general partner

By: /s/ Gregory Ciongoli  
Name: Gregory A. Ciongoli  
Title: Partner

BAUPOST PRIVATE INVESTMENTS Y-3, L.L.C.

By: YB Institutional Limited Partnership,  
its sole member

By: The Baupost Group, L.L.C.,  
its managing general partner

By: /s/ Gregory Ciongoli  
Name: Gregory A. Ciongoli  
Title: Partner

BAUPOST PRIVATE INVESTMENTS BVI-3, L.L.C.

By: Baupost Value Partners, L.P.-I,  
its sole member

By: The Baupost Group, L.L.C.,  
its managing general partner

By: /s/ Gregory Ciongoli  
Name: Gregory A. Ciongoli  
Title: Partner

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

BAUPOST PRIVATE INVESTMENTS BVII-3, L.L.C.

By: Baupost Value Partners, L.P.-II,  
its sole member

By: The Baupost Group, L.L.C.,  
its managing general partner

By: /s/ Gregory Ciongoli

Name: Gregory A. Ciongoli  
Title: Partner

BAUPOST PRIVATE INVESTMENTS BVIII-3, L.L.C.

By: Baupost Value Partners, L.P.-III,  
its sole member

By: The Baupost Group, L.L.C.,  
its managing general partner

By: /s/ Gregory Ciongoli

Name: Gregory A. Ciongoli  
Title: Partner

BAUPOST PRIVATE INVESTMENTS BVIV-3, L.L.C.

By: Baupost Value Partners, L.P.-IV,  
its sole member

By: The Baupost Group, L.L.C.,  
its managing general partner

By: /s/ Gregory Ciongoli

Name: Gregory A. Ciongoli  
Title: Partner

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

FAR REACH PTE. LTD.

By: /s/ Yuan Sun

\_\_\_\_\_  
Name: Yuan Sun

Title: Director

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

POLARIS PARTNERS VIII, L.P.  
for Itself and as Nominee for

POLARIS ENTREPRENEURS' FUND VIII, L.P.

By: Polaris Partners GP VIII, L.L.C.,  
its General Partner

By: /s/ Max Eisenberg

Name: Max Eisenberg

Title: Attorney-in-fact

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

BAY CITY CAPITAL GF XINDE INTERNATIONAL  
LIFE SCIENCES USD FUND, L.P.

By: Bay City Capital Gf XINDE Investment  
Management Co.  
Its General Partner

By: /s/ Fred Craves  
Name: Fred Craves  
Title: Director

---

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

ECOR1 CAPITAL FUND, L.P.

By: EcoR1 Capital, LLC, its General Partner

By: /s/ Oleg Nodelman

Name: Oleg Nodelman

Title Managing Director

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

ECOR1 CAPITAL FUND QUALIFIED, L.P.

By: EcoR1 Capital, LLC, its General Partner

By: /s/ Oleg Nodelman

Name: Oleg Nodelman

Title: Managing Director

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**



IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

CORMORANT GLOBAL HEALTHCARE MASTER  
FUND, LP

By: /s/ Bihua Chen  
Name: Bihua Chen  
Title: Managing Member of the GP

CORMORANT PRIVATE HEALTHCARE FUND 1, LP

By: /s/ Bihua Chen  
Name: Bihua Chen  
Title: Managing Member of the GP

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

ALEXANDRIA VENTURE INVESTMENTS, LLC,  
a Delaware limited liability company

By: ALEXANDRIA REAL ESTATE EQUITIES, INC.,  
a Maryland corporation, managing member

By: /s/ Aaron Jacobson

Name: Aaron Jacobson

Title: VP – Corporate Counsel

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

PIVOTAL ALPHA LIMITED

By: /s/ Sun Txintong & Tank Chun Wai Nelson  
Name: Sun Xintong & Tank Chun Wai Nelson  
Title: Directors

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

SAMSARA BIOCAPITAL, L.P.

By: Samsara BioCapital GP, LLC, General Partner

By: /s/ Srinivas Akkaraju

Name: Srinivas Akkaraju, MD, PhD

Title: Managing Member

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

CITADEL MULTI-STRATEGY EQUITIES MASTER  
FUND LTD.

By: Citadel Advisors LLC, its portfolio manager

By: /s/ Noah Goldberg

Name: Noah Goldberg

Title: Authorized Signatory

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

CLOUGH HEALTHCARE MASTER FUND, L.P.  
By: Clough Capital Partners L.P., its investment adviser

By: /s/ Daniel J. Gillis  
Name: Daniel J. Gillis  
Title: Chief Compliance Officer

CLOUGH GLOBAL EQUITY FUND  
By: Clough Capital Partners L.P., its investment adviser

By: /s/ Daniel J. Gillis  
Name: Daniel J. Gillis  
Title: Chief Compliance Officer

By: Clough Capital Partners L.P., its investment adviser

By: /s/ Daniel J. Gillis  
Name: Daniel J. Gillis  
Title: Chief Compliance Officer

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

MARSHFIELD ADVISERS, LLC

By: /s/ Scott Carman

Name: Scott Carman

Title: Portfolio Manager

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

THE MILLPOND TRUST

By: /s/ Robert F. Raucci

Name: Robert F. Raucci

Title: Trustee

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**



IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

ALTITUDE LIFE SCIENCE VENTURES FUND II, L.P.

By: Altitude Life Science Ventures Fund II, LLC, its  
General Partner

By: /s/ David Maki

Name: David Maki

Title: Managing Member

ALTITUDE LIFE SCIENCE VENTURES SIDE FUND II,  
L.P.

By: Altitude Life Science Ventures Fund II, LLC, its  
General Partner

By: /s/ David Maki

Name: David Maki

Title: Managing Member

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

MONASHEE CAPITAL MASTER FUND L.P.

By: /s/ Jeff Muller

Name: Jeff Muller

Title: CCO

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

AJL INVESTMENTS, LLC

By: /s/ Steven R. Altman

Name: Steven R. Altman

Title: Manager

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

PTOLEMY CAPITAL, LLC

By: Ortelius, LLC  
Its: Managing Member

By: /s/ Mitch Otolski  
Name: Mitch Otolski  
Title: Agent

---

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

LEERINK HOLDINGS LLC

By: /s/ Joseph R. Gentile

Name: Joseph R. Gentile

Title: Manager

LEERINK PARTNERS CO-INVESTMENT FUND, LLC

By: /s/ Joseph R. Gentile

Name: Joseph R. Gentile

Title: Manager

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

JEANETTE AND ULF SAMUELSSON

/s/ Jeanette Samuelsson

\_\_\_\_\_  
Jeanette Samuelsson

/s/ Ulf Samuelsson

\_\_\_\_\_  
Ulf Samuelsson

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

THEODORE SHARP LIGETY

/s/ Theodore Sharp Ligety

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

FRED COUPLES

/s/ O. Lynn Roach, Jr., Power-of-Attorney for Fred Couples  
O. Lynn Roach, Jr., Power-of-Attorney  
For Fred Couples

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**



IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

JOEL AND ELIZABETH QUENNEVILLE

/s/ Joel Quenneville

Joel Quenneville

/s/ Elizabeth Quenneville

Elizabeth Quenneville

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

KOTPIL CORPORATION

By: /s/ Mark Liptok

Name: Mark Liptok

Title: President

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

STEVEN HENRY ZACK

/s/ Steven Henry Zack

---

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

DANIEL GIRAUDO

/s/ Daniel Giraud

---

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

TENACITY HOLDINGS LIMITED

By: /s/ George Machan

Name: George Machan

Title: Director

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

HILL N DALE OF KENTUCKY, INC.

By: /s/ John G. Sikura

Name: John G. Sikura

Title: President

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

ANGIE VASSAR

/s/ Angie Vassar

---

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

OPITECK TRUST DATED NOVEMBER 3, 2015

By: /s/ Nancy-Anne Opiteck

Name: Nancy-Anne Opiteck

Title: Trustee of the Family Trust Dated Nov. 3, 2015

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**



IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

OPITECK TRUST DATED NOVEMBER 3, 2015

By: /s/ Gregory J. Opiteck

Name: Gregory J. Opiteck

Title: Trustee

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

NIHAR MAHENDRA BHAKTA

/s/ Nihar Mahendra Bhakta

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

BRYAN GIRAUDO

/s/ Bryan Giraud

---

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

WAAGE TRUST DATED JUNE 11, 2008

By: /s/Christian Waage

Name: Christian Waage

Title: Trustee

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

PATRICK HAUPT

/s/ Patrick Haupt

---

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

LARRY ZISMAN

/s/ Larry Zisman

---

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

AMY WOO AND MATTHEW RICHARD

/s/ Amy Woo

/s/ Matthew Richard

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

MCCAFFREY FAMILY TRUST

By: /s/ Ramona McCaffrey  
Name: Ramona McCaffrey  
Title: Trustee

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**



IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

JAMES EVAN BELCHER

/s/ James Evan Belcher

---

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

JEFF BOERNEKE

/s/ Jeff Boerneke

---

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

JILL HOWE AND RODNEY HOWE

/s/ Jill Howe

Jill Howe

/s/ Rodney Howe

Rodney Howe

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

TENBROECK-MEAD FAMILY TRUST

By: /s/ Tonya Mead  
Name: Tonya Mead  
Title: Trustee

By: /s/ Craig TenBroeck  
Name: Craig TenBroeck  
Title: Trustee

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

RICHARD ARANDA

/s/ Richard Aranda

---

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

HECTOR ORTEGA

/s/ Hector Ortega

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

DEANNA WEBER

/s/ Deanna Weber

---

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

WILLIAM A. AND DEANNA M. FLOETER 2000

By: /s/ William A. Floeter

Name: William A. Floeter

Title: Trustee

By: /s/ Deanna M. Floeter

Name: Deanna M. Floeter

Title: Trustee

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**



**SCHEDULE A**

**INVESTORS**

HH Goss Holdings LLC  
Address: Suite 2202, 22nd Floor  
Two International Finance Centre  
8 Finance Street  
Central, Hong Kong  
Attn: Michael Yi / Ting Jia  
Email: myi@hillhousecap.com; ting.jia@hhresearch.com  
With a copy to: Adam Hornung  
Email: Legal@hillhousecap.com

With a mandatory copy, which shall not constitute notice, to:

Goodwin Procter  
One Exchange Square  
Suite 2801, 8 Connaught Place  
Central, Hong Kong  
Attn: Yash Rana  
Phone: +852 3658 5353  
Email: yrana@goodwinlaw.com

ARCH VENTURE FUND IX, L.P.  
c/o ARCH Venture Partners  
8755 W. Higgins Road, Suite 1025  
Chicago, IL 60631  
Attn: Mark McDonnell  
Phone: (773) 380-6600  
Email: mmcdonnell@archventure.com

With a mandatory copy, which shall not constitute notice, to:

Proskauer Rose LLP  
One International Place  
Boston, MA 02110  
Attn: Ori Solomon  
Phone: (617) 526-9889  
Email: osolomon@proskauer.com

ARCH VENTURE FUND IX OVERAGE, L.P.  
c/o ARCH Venture Partners  
8755 W. Higgins Road, Suite 1025  
Chicago, IL 60631  
Attn: Mark McDonnell  
Phone: (773) 380-6600  
Email: mmcdonnell@archventure.com

---

With a mandatory copy, which shall not constitute notice, to:

Proskauer Rose LLP  
One International Place  
Boston, MA 02110  
Attn: Ori Solomon  
Phone: (617) 526-9889  
Email: osolomon@proskauer.com

OMEGA FUND V, L.P.  
185 Dartmouth Street, Suite 502  
Boston, MA 02116

ALTITUDE LIFE SCIENCE VENTURES FUND II, L.P.  
ALTITUDE LIFE SCIENCE VENTURES SIDE FUND II, L.P.  
1014 Market St, Suite 200  
Kirkland, WA 98033  
Attn: David Maki  
Email: dmaki@altitudelsv.com

GREGG ALAN TIMONY  
7333 Calle Pera  
Carlsbad, CA 92009  
Email: gtimony@gossamerbio.com

NIHAR MAHENDRA BHAKTA  
3430 Sitio Sandia  
Carlsbad, CA 92009  
Email: nbhakta@gossamerbio.com

AMY WOO  
13522 Cielo Ranch Road  
San Diego, CA 92130  
Email: awoo@gossamerbio.com

ROWBOTTOM MOORJANI TRUST DATED AUGUST 8, 2011  
8389 Reagan Glen  
San Diego, CA 92127  
Email: mrowbottom@gossamerbio.com  
Email: nisha.moorjani@gmail.com

ECOR1 CAPITAL FUND, L.P.  
409 Illinois Street  
San Francisco, CA 94158  
Email: oleg@ecor1cap.com; sarah@ecor1cap.com; eco@agilefs.com

ECOR1 CAPITAL FUND QUALIFIED, L.P.  
409 Illinois Street  
San Francisco, CA 94158

---

Email: oleg@ecor1cap.com; sarah@ecor1cap.com; eco@agilefs.com

CARYN LORRAINE PETERSON

710 Neptune Avenue

Encinitas, CA 92024

Email: caryn@dsc-associates.com

JILL AND RODNEY HOWE

414 Vars Way

Alpine, CA 91901

Email: jhowe@gossamerbio.com; jill.rodney1@cox.net

AJAY K. GUPTA AND SILVIA S. GUPTA FAMILY TRUST U/A DTD 5/25/2007

c/o Ajay K. Gupta, Trustee

4551 Rancho Del Mar Trail

San Diego, CA 92130

Email: gupta@thinkingbeyond.com

FRANKLIN M. BERGER

257 Park Avenue South

15th Floor

New York, NY 10010

Email: franklin@fmb-research.com

MARCUS AND KIMBERLEY BOEHM

2811 Maple St

San Diego, CA 92104

Email: mfboehm@gmail.com; skphillipsboehm@gmail.com

BROOKS WONG FAMILY TRUST

Attn: Jennifer Brooks, Trustee

1352 Ahlrich Ave.

Encinitas, CA 92024

Email: jbrooks@gossamerbio.com

ALEXANDRIA VENTURE INVESTMENTS, LLC

385 E. Colorado Blvd., Suite 299

Pasadena, CA 91101

Email: jkabakoff@are.com; investments@are.com; msmith@are.com

KASIBHATLA TRUST DATED AUGUST 5, 2003

13073 Dressage Lane

San Diego, CA 92130

Email: skasibhatl@aol.com; skasibhatla@gossamerbio.com

RAHD CAPITAL, LLC

477 N. Lindbergh Blvd, Ste. 200

St. Louis, MO 63141

Email: rheyman@heymanbiotech.com; PVogel@argosfamilyoffice;

---

HButkovich@argoscapitalpartners.com

THE MARK K. STEPHENSON AND CHRYSA MINEO FAMILY TRUST

2624 Ellentown Road  
La Jolla, CA, 92037  
Email: mineochrysa@gmail.com

G&H PARTNERS

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**SCHEDULE B**

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## GOSSAMER BIO, INC.

## 2017 EQUITY INCENTIVE PLAN

1. **Purpose.**

The purpose of the Plan is to advance the interests of the Company's stockholders by enhancing the Company's ability to attract, retain and motivate persons who make (or are expected to make) important contributions to the Company by providing such persons with equity ownership opportunities and thereby better aligning the interests of such persons with those of the Company's stockholders. Capitalized terms used in the Plan are defined in Section 11 below.

2. **Eligibility.**

Service Providers are eligible to be granted Awards under the Plan, subject to the limitations described herein.

3. **Administration and Delegation.**

(a) *Administration.* The Plan will be administered by the Administrator. The Administrator shall have authority to determine which Service Providers will receive Awards, to grant Awards and to set all terms and conditions of Awards (including, but not limited to, vesting, exercise and forfeiture provisions). In addition, the Administrator shall have the authority to take all actions and make all determinations contemplated by the Plan and to adopt, amend and repeal such administrative rules, guidelines and practices relating to the Plan as it shall deem advisable. The Administrator may correct any defect or ambiguity, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent it shall deem necessary or appropriate to carry the Plan and any Awards into effect, as determined by the Administrator. The Administrator shall make all determinations under the Plan in the Administrator's sole discretion and all such determinations shall be final and binding on all persons having or claiming any interest in the Plan or in any Award.

(b) *Appointment of Committees.* To the extent permitted by Applicable Laws, the Board may delegate any or all of its powers under the Plan to one or more Committees. The Board may abolish any Committee at any time and re-vest in itself any previously delegated authority.

4. **Stock Available for Awards.**

(a) *Number of Shares.* Subject to adjustment under Section 8 hereof, Awards may be made under the Plan covering up to 285 shares of Common Stock. If any Award expires or lapses or is terminated, surrendered or canceled without having been fully exercised or is forfeited in whole or in part (including as the result of shares of Common Stock subject to such Award being repurchased by the Company at or below the original issuance price), in any case in a manner that results in any shares of Common Stock covered by such Award not being issued or being so reacquired by the Company, the unused Common Stock covered by such Award shall again be available for the grant of Awards under the Plan. Further, shares of Common Stock delivered (either by actual delivery or attestation) to the Company by a Participant to satisfy the applicable exercise or purchase price of an Award and/or to satisfy any applicable tax withholding obligation (including shares retained by the Company from the Award being exercised or purchased and/or creating the tax obligation) shall be added to the number of shares of Common Stock available for the grant of Awards under the Plan. However, in the case of Incentive Stock Options (as hereinafter defined), the foregoing provisions shall be subject to any

limitations under the Code. Shares of Common Stock issued under the Plan may consist in whole or in part of authorized but unissued shares, shares purchased on the open market or treasury shares.

(b) *Substitute Awards.* In connection with a merger or consolidation of an entity with the Company or the acquisition by the Company of property or stock of an entity, the Administrator may grant Awards in substitution for any options or other stock or stock-based awards granted prior to such merger or consolidation by such entity or an affiliate thereof. Substitute Awards may be granted on such terms as the Administrator deems appropriate in the circumstances, notwithstanding any limitations on Awards contained in the Plan. Substitute Awards shall not count against the overall share limit set forth in Section 4(a) hereof, except as may be required by reason of Section 422 of the Code.

#### 5. *Stock Options.*

(a) *General.* The Administrator may grant Options to any Service Provider, subject to the limitations on Incentive Stock Options described below. The Administrator shall determine the number of shares of Common Stock to be covered by each Option, the exercise price of each Option and the conditions and limitations applicable to the exercise of each Option, including conditions relating to Applicable Laws, as it considers necessary or advisable.

(b) *Incentive Stock Options.* The Administrator may grant Options intended to qualify as Incentive Stock Options only to employees of the Company, any of the Company's present or future "parent corporations" or "subsidiary corporations" as defined in Sections 424(e) or (f) of the Code, respectively, and any other entities the employees of which are eligible to receive Incentive Stock Options under the Code. All Options intended to qualify as Incentive Stock Options shall be subject to and shall be construed consistently with the requirements of Section 422 of the Code. Neither the Company nor the Administrator shall have any liability to a Participant, or any other party, (i) if an Option (or any part thereof) which is intended to qualify as an Incentive Stock Option fails to qualify as an Incentive Stock Option or (ii) for any action or omission by the Administrator that causes an Option not to qualify as an Incentive Stock Option, including without limitation, the conversion of an Incentive Stock Option to a Non-Qualified Stock Option or the grant of an Option intended as an Incentive Stock Option that fails to satisfy the requirements under the Code applicable to an Incentive Stock Option. Any Option that is intended to qualify as an Incentive Stock Option, but fails to so qualify for any reason, including without limitation, the portion of any Option becoming exercisable in excess of the \$100,000 limitation described in Treasury Regulation Section 1.422-4, shall be treated as a Non-Qualified Stock Option for all purposes.

(c) *Exercise Price.* The Administrator shall establish the exercise price of each Option and specify the exercise price in the applicable Award Agreement. The exercise price shall be not less than 100% of the Fair Market Value on the date the Option is granted. In the case of an Incentive Stock Option granted to an employee who, at the time of grant of the Option, owns (or is treated as owning under Section 424 of the Code) stock representing more than 10% of the voting power of all classes of stock of the Company (or a "parent corporation" or "subsidiary corporation" thereof within the meaning of Sections 424(e) or 424(f) of the Code, respectively), the per share exercise price shall be no less than 110% of the Fair Market Value on the date the Option is granted.

(d) *Duration of Options.* Each Option shall be exercisable at such times and subject to such terms and conditions as the Administrator may specify in the applicable Award Agreement, provided that the term of any Option shall not exceed ten years. In the case of an Incentive Stock Option granted to an employee who, at the time of grant of the Option, owns (or is treated as owning under Section 424 of the Code) stock representing more than 10% of the voting power of all classes of stock of the Company (or a "parent corporation" or "subsidiary corporation" thereof within the meaning of Sections 424(e) or 424(f) of the Code, respectively), the term of the Option shall not exceed five years.

(e) *Exercise of Option; Notification of Disposition.* Options may be exercised by delivery to the Company of a written notice of exercise, in a form approved by the Administrator (which may be an electronic form), signed by the person authorized to exercise the Option, together with payment in full (i) as specified in Section 5(f) hereof for the number of shares for which the Option is exercised and (ii) as specified in Section 9(e) hereof for any applicable withholding taxes. Unless otherwise determined by the Administrator, an Option may not be exercised for a fraction of a share of Common Stock. If an Option is designated as an Incentive Stock Option, the Participant shall give prompt notice to the Company of any disposition or other transfer of any shares of Common Stock acquired from the Option if such disposition or transfer is made (i) within two years from the grant date with respect to such Option or (ii) within one year after the transfer of such shares to the Participant (other than any such disposition made in connection with a Change in Control). Such notice shall specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by the Participant in such disposition or other transfer.

(f) *Payment Upon Exercise.* Common Stock purchased upon the exercise of an Option granted under the Plan shall be paid for in cash, by wire transfer of immediately available funds or by check, payable to the order of the Company, or, subject to Section 10(h), any Company insider trading policy (including, without limitation, any blackout periods) and Applicable Laws, by:

(i) if the Company is a Publicly Listed Company, unless the Administrator otherwise determines, (A) delivery of an irrevocable and unconditional undertaking by a broker acceptable to the Company to deliver promptly to the Company sufficient funds to pay the exercise price, or (B) delivery by the Participant to the Company of a copy of irrevocable and unconditional instructions to a broker acceptable to the Company to deliver promptly to the Company cash or a check sufficient to pay the exercise price, provided in either case, that such amount is paid to the Company at such time as may be required by the Administrator;

(ii) to the extent permitted by the Administrator, delivery (either by actual delivery or attestation) of shares of Common Stock owned by the Participant valued at their Fair Market Value, provided (A) such method of payment is then permitted under Applicable Laws, (B) such Common Stock, if acquired directly from the Company, was owned by the Participant for such minimum period of time, if any, as may be established by the Company at any time, and (C) such Common Stock is not subject to any repurchase, forfeiture, unfulfilled vesting or other similar requirements;

(iii) to the extent permitted by the Administrator, surrendering shares of Common Stock then issuable upon exercise of the Option valued at their Fair Market Value on the date of exercise;

(iv) to the extent permitted by the Administrator, delivery of a promissory note of the Participant to the Company on terms determined by the Administrator;

(v) to the extent permitted by the Administrator, delivery of property of any other kind which constitutes good and valuable consideration as determined by the Administrator; or

(vi) to the extent permitted by the Administrator, any combination of the above permitted forms of payment (including cash or check).

(g) *Early Exercise of Options.* The Administrator may provide in the terms of an Award Agreement that the Service Provider may exercise an Option in whole or in part prior to the full vesting of the Option in exchange for unvested shares of Restricted Stock with respect to any unvested

portion of the Option so exercised. Shares of Restricted Stock acquired upon the exercise of any unvested portion of an Option shall be subject to such terms and conditions as the Administrator shall determine.

#### 6. *Restricted Stock; Restricted Stock Units.*

(a) *General.* The Administrator may grant Restricted Stock, or the right to purchase Restricted Stock, to any Service Provider, subject to the right of the Company to repurchase all or part of such shares at their issue price or other stated or formula price from the Participant (or to require forfeiture of such shares if issued at no cost) in the event that conditions specified by the Administrator in the applicable Award Agreement are not satisfied prior to the end of the applicable restriction period or periods established by the Administrator for such Award. In addition, the Administrator may grant to Service Providers Restricted Stock Units, which may be subject to vesting and forfeiture conditions during applicable restriction period or periods, as set forth in an applicable Award Agreement.

(b) *Terms and Conditions for All Restricted Stock and Restricted Stock Unit Awards.* The Administrator shall determine and set forth in the applicable Award Agreement the terms and conditions applicable to each Restricted Stock and Restricted Stock Unit Award, including the conditions for vesting and repurchase (or forfeiture) and the issue price, in each case, if any.

#### (c) *Additional Provisions Relating to Restricted Stock.*

(i) *Dividends.* Participants holding shares of Restricted Stock will be entitled to all ordinary cash dividends paid with respect to such shares to the extent such dividends have a record date that is on or after the date on which the Participant to whom such Restricted Shares are granted becomes the record holder of such Restricted Shares, unless otherwise provided by the Administrator in the applicable Award Agreement. In addition, unless otherwise provided by the Administrator, if any dividends or distributions are paid in shares, or consist of a dividend or distribution to holders of Common Stock of property other than an ordinary cash dividend, the shares or other property will be subject to the same restrictions on transferability and forfeitability as the shares of Restricted Stock with respect to which they were paid. Each dividend payment will be made as provided in the applicable Award Agreement, but in no event later than the end of the calendar year in which the dividends are paid to stockholders of that class of stock or, if later, the 15th day of the third month following the later of (A) the date the dividends are paid to stockholders of that class of stock, and (B) the date the dividends are no longer subject to forfeiture.

(ii) *Stock Certificates.* The Company may require that any stock certificates issued in respect of shares of Restricted Stock be deposited in escrow by the Participant, together with a stock power endorsed in blank, with the Company (or its designee).

#### (d) *Additional Provisions Relating to Restricted Stock Units.*

(i) *Settlement.* Upon the vesting of a Restricted Stock Unit, the Participant shall be entitled to receive from the Company one share of Common Stock or an amount of cash or other property equal to the Fair Market Value of one share of Common Stock on the settlement date, as the Administrator shall determine and as provided in the applicable Award Agreement. The Administrator may provide that settlement of Restricted Stock Units shall occur upon or as soon as reasonably practicable after the vesting of the Restricted Stock Units or shall instead be deferred, on a mandatory basis or at the election of the Participant, in a manner that complies with Section 409A.



(ii) *Voting Rights.* A Participant shall have no voting rights with respect to any Restricted Stock Units unless and until shares are delivered in settlement thereof.

(iii) *Dividend Equivalents.* To the extent provided by the Administrator, a grant of Restricted Stock Units may provide a Participant with the right to receive Dividend Equivalents. Dividend Equivalents may be paid currently or credited to an account for the Participant, may be settled in cash and/or shares of Common Stock and may be subject to the same restrictions on transfer and forfeitability as the Restricted Stock Units with respect to which the Dividend Equivalents are paid, as determined by the Administrator, subject, in each case, to such terms and conditions as the Administrator shall establish and set forth in the applicable Award Agreement.

#### **7. *Other Stock-Based Awards.***

Other Stock-Based Awards may be granted hereunder to Participants, including, without limitation, Awards entitling Participants to receive shares of Common Stock to be delivered in the future. Such Other Stock-Based Awards shall also be available as a form of payment in the settlement of other Awards granted under the Plan, as stand-alone payments and/or as payment in lieu of compensation to which a Participant is otherwise entitled. Other Stock-Based Awards may be paid in shares of Common Stock, cash or other property, as the Administrator shall determine. Subject to the provisions of the Plan, the Administrator shall determine the terms and conditions of each Other Stock-Based Award, including any purchase price, transfer restrictions, vesting conditions and other terms and conditions applicable thereto, which shall be set forth in the applicable Award Agreement.

#### **8. *Adjustments for Changes in Common Stock and Certain Other Events.***

(a) In the event that the Administrator determines that any dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), reorganization, merger, consolidation, combination, repurchase, recapitalization, liquidation, dissolution, or sale, transfer, exchange or other disposition of assets of the Company, or exchange of Common Stock or other securities of the Company, issuance of warrants or other rights to purchase Common Stock or other securities of the Company, or other similar corporate transaction or event, as determined by the Administrator, affects the Common Stock such that an adjustment is determined by the Administrator to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended by the Company to be made available under the Plan or with respect to any Award, then the Administrator may, in such manner as it may deem equitable, adjust any or all of:

(i) the number and kind of shares of Common Stock (or other securities or property) with respect to which Awards may be granted or awarded (including, but not limited to, adjustments of the limitations in Section 4 hereof on the maximum number and kind of shares which may be issued);

(ii) the number and kind of shares of Common Stock (or other securities or property) subject to outstanding Awards;

(iii) the grant or exercise price with respect to any Award; and

(iv) the terms and conditions of any Awards (including, without limitation, any applicable financial or other performance “targets” specified in an Award Agreement).

(b) In the event of any transaction or event described in Section 8(a) hereof (including without limitation any Change in Control) or any unusual or nonrecurring transaction or event

affecting the Company or the financial statements or financial condition of the Company, or any change in any Applicable Laws or accounting principles, the Administrator, on such terms and conditions as it deems appropriate, either by the terms of the Award or by action taken prior to or after the occurrence of such transaction or event and either automatically or upon the Participant's request, is hereby authorized to take any one or more of the following actions whenever the Administrator determines that such action is appropriate in order to (i) prevent dilution or enlargement of the benefits or potential benefits intended by the Company to be made available under the Plan or with respect to any Award granted or issued under the Plan, (ii) to facilitate such transaction or event or (iii) give effect to such changes in Applicable Laws or accounting principles:

(i) To provide for the cancellation of any such Award in exchange for either an amount of cash or other property with a value equal to the amount that could have been obtained upon the exercise or settlement of such Award or realization of the Participant's rights had such Award been currently exercisable, payable and fully vested, as applicable; provided that, if the amount that could have been obtained upon the exercise or settlement of such Award or realization of the Participant's rights, in any case, is equal to or less than zero, then such Award may be terminated without payment;

(ii) To provide that such Award shall vest and, to the extent applicable, be exercisable as to all shares covered thereby, notwithstanding anything to the contrary in the Plan or the provisions of such Award;

(iii) To provide that such Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and applicable exercise or purchase price, in all cases, as determined by the Administrator;

(iv) To make adjustments in the number and type of shares of Common Stock (or other securities or property) subject to outstanding Awards, and/or in the terms and conditions of (including the grant or exercise price), and the criteria included in, outstanding Awards which may be granted in the future;

(v) To replace such Award with other rights or property selected by the Administrator; and/or

(vi) To provide that the Award will terminate and cannot vest, be exercised or become payable after the applicable event.

(c) Notwithstanding the provisions of Section 8(b) above, if a Change in Control occurs and a Participant's Awards are not continued, converted, assumed, or replaced with a substantially similar award by (i) the Company, or (ii) a successor entity or its parent or subsidiary (an "**Assumption**"), and provided that the Participant has not had a Termination of Service, then, immediately prior to the Change in Control, such Awards shall become fully vested, exercisable and/or payable, as applicable, and all forfeiture, repurchase and other restrictions on such Awards shall lapse, in which case, such Awards shall be canceled upon the consummation of the Change in Control in exchange for the right to receive the Change in Control consideration payable to other holders of Common Stock (A) which may be on such terms and conditions as apply generally to holders of Common Stock under the Change in Control documents (including, without limitation, any escrow, earn-out or other deferred consideration provisions) or such other terms and conditions as the Administrator may provide, and (B) determined by reference to the number of shares subject to such Awards and net of any applicable exercise price; provided that to the extent that any Awards constitute "nonqualified deferred compensation" that may not

be paid upon the Change in Control under Section 409A without the imposition of taxes thereon under Section 409A, the timing of such payments shall be governed by the applicable Award Agreement (subject to any deferred consideration provisions applicable under the Change in Control documents); and provided, further, that if the amount to which a Participant would be entitled upon the settlement or exercise of such Award at the time of the Change in Control is equal to or less than zero, then such Award may be terminated without payment. The Administrator shall determine whether an Assumption of an Award has occurred in connection with a Change in Control.

(d) In connection with the occurrence of any Equity Restructuring, and notwithstanding anything to the contrary in this Section 8, the Administrator will equitably adjust each outstanding Award, which adjustments may include adjustments to the number and type of securities subject to each outstanding Award and/or the exercise price or grant price thereof, if applicable, the grant of new Awards to Participants, and/or the making of a cash payment to Participants, as the Administrator deems appropriate to reflect such Equity Restructuring. The adjustments provided under this Section 8(d) shall be nondiscretionary and shall be final and binding on the affected Participant and the Company; provided that whether an adjustment is equitable shall be determined by the Administrator.

(e) In the event of any pending stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting the shares of Common Stock or the share price of the Common Stock, including any Equity Restructuring, or if necessary to comply with Applicable Laws or the Code, or for reasons of administrative convenience, the Administrator may, in its sole discretion, refuse to permit the exercise of any Award during a period of up to thirty days prior to the consummation of any such transaction.

(f) Except as expressly provided in the Plan or pursuant to action of the Administrator under the Plan, no Participant shall have any rights by reason of any subdivision or consolidation of shares of stock of any class, the payment of any dividend, any increase or decrease in the number of shares of stock of any class or any dissolution, liquidation, merger, or consolidation of the Company or any other corporation. Except as expressly provided in the Plan or pursuant to action of the Administrator under the Plan, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number of shares of Common Stock subject to an Award or the grant or exercise price of any Award. The existence of the Plan, any Award Agreements and the Awards granted hereunder shall not affect or restrict in any way the right or power of the Company to make or authorize (i) any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, (ii) any merger, consolidation dissolution or liquidation of the Company or sale of Company assets or (iii) any sale or issuance of securities, including without limitation, securities with rights superior to those of the Common Stock or which are convertible into or exchangeable for Common Stock. The Administrator may treat Participants and Awards (or portions thereof) differently under this Section 8.

#### **9. General Provisions Applicable to Awards.**

(a) *Transferability of Awards.* Except as the Administrator may otherwise determine or provide in an Award Agreement or otherwise, in any case in accordance with Applicable Laws, Awards, including any interest therein, may not be sold, assigned, transferred, pledged or otherwise encumbered by the person to whom they are granted, either voluntarily or by operation of law, except by will or the laws of descent and distribution, and, during the life of the Participant, shall be exercisable only by the Participant. References to a Participant, to the extent relevant in the context, shall include references to authorized transferees.

(b) *Documentation.* Each Award shall be evidenced in an Award Agreement, which may be in such form (written, electronic or otherwise) as the Administrator shall determine. Each Award may contain terms and conditions in addition to those set forth in the Plan.

(c) *Discretion.* Except as otherwise provided by the Plan, each Award may be made alone or in addition or in relation to any other Award. The terms of each Award to a Participant need not be identical, and the Administrator need not treat Participants or Awards (or portions thereof) uniformly.

(d) *Termination of Status.* The Administrator shall determine the effect on an Award of the disability, death, retirement, authorized leave of absence or any other change or purported change in a Participant's Service Provider status and the extent to which, and the period during which, the Participant, the Participant's legal representative, conservator, guardian or Designated Beneficiary may exercise rights under the Award, if applicable.

(e) *Withholding.* Each Participant shall pay to the Company, or make provision satisfactory to the Administrator for payment of, any taxes required by law to be withheld in connection with Awards to such Participant no later than the date of the event creating the tax liability. Except as the Administrator may otherwise determine, all such payments shall be made in cash, by wire transfer of immediately available funds or by check, payable to the order of the Company. Notwithstanding the foregoing, Participants may satisfy such tax obligations, subject to Section 10(h), any Company insider trading policy (including blackout periods) and Applicable Laws, to the extent permitted by the Administrator, (i) in whole or in part by delivery of shares of Common Stock, including shares of Common Stock retained from the Award creating the tax obligation, valued at their Fair Market Value, and (ii) if there is a public market for shares of Common Stock at the time the tax obligations are satisfied, unless the Administrator otherwise determines, (A) delivery (including, without limitation, telephonically to the extent permitted by the Company) of an irrevocable and unconditional undertaking by a broker acceptable to the Company to deliver promptly to the Company sufficient funds to satisfy the tax obligations, or (B) delivery by the Participant to the Company of a copy of irrevocable and unconditional instructions to a broker acceptable to the Company to deliver promptly to the Company cash or a check sufficient to satisfy the tax withholding; provided that such amount is paid to the Company at such time as may be required by the Administrator. The number of shares of Common Stock which may be so withheld or surrendered shall be limited to the number of shares of Common Stock which have a Fair Market Value on the date of withholding or repurchase no greater than the aggregate amount of such liabilities based on the minimum statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such supplemental taxable income. The Company may, to the extent permitted by Applicable Laws, deduct any such tax obligations from any payment of any kind otherwise due to a Participant.

(f) *Amendment of Award.* The Administrator may amend, modify or terminate any outstanding Award, including but not limited to, substituting therefor another Award of the same or a different type, changing the date of exercise or settlement, and converting an Incentive Stock Option to a Non-Qualified Stock Option. The Participant's consent to such action shall be required unless (i) the Administrator determines that the action, taking into account any related action, would not materially and adversely affect the Participant, or (ii) the change is permitted under Section 8 and 10(f) hereof.

(g) *Conditions on Delivery of Stock.* The Company will not be obligated to deliver any shares of Common Stock pursuant to the Plan or to remove restrictions from shares previously delivered under the Plan until (i) all conditions of the Award have been met or removed to the satisfaction of the Company, (ii) in the opinion of the Company's counsel, all other legal matters in connection with the issuance and delivery of such shares have been satisfied, including any applicable securities laws and any applicable stock exchange or stock market rules and regulations, and (iii) the Participant has executed

and delivered to the Company such representations or agreements as the Administrator deems necessary or appropriate to satisfy the requirements of any Applicable Laws. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is determined by the Administrator to be necessary to the lawful issuance and sale of any securities hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such shares as to which such requisite authority shall not have been obtained.

(h) *Acceleration.* The Administrator may at any time provide that any Award shall become vested and/or exercisable in full or in part, free of some or all restrictions or conditions, or otherwise realizable in full or in part, as the case may be.

#### 10. *Miscellaneous.*

(a) *No Right To Employment or Other Status.* No person shall have any claim or right to be granted an Award, and the grant of an Award shall not be construed as giving a Participant the right to continued employment or any other relationship with the Company. The Company expressly reserves the right at any time to dismiss or otherwise terminate its relationship with a Participant free from any liability or claim under the Plan or any Award, except as expressly provided in an applicable Award Agreement.

(b) *No Rights As Stockholder; Certificates.* Subject to the provisions of the applicable Award Agreement, no Participant or Designated Beneficiary shall have any rights as a stockholder with respect to any shares of Common Stock to be distributed with respect to an Award until becoming the record holder of such shares. Notwithstanding any other provision of the Plan, unless otherwise determined by the Administrator or required by any Applicable Laws, the Company shall not be required to deliver to any Participant certificates evidencing shares of Common Stock issued in connection with any Award and instead such shares of Common Stock may be recorded in the books of the Company (or, as applicable, its transfer agent or stock plan administrator). The Company may place legends on stock certificates issued under the Plan deemed necessary or appropriate by the Administrator in order to comply with Applicable Laws.

(c) *Effective Date and Term of Plan.* The Plan shall become effective on the date on which it is adopted by the Board. No Awards shall be granted under the Plan after the completion of ten years from the earlier of (i) the date on which the Plan was adopted by the Board or (ii) the date the Plan was approved by the Company's stockholders, but Awards previously granted may extend beyond that date in accordance with the terms of the Plan.

(d) *Amendment of Plan.* The Administrator may amend, suspend or terminate the Plan or any portion thereof at any time; provided that no amendment of the Plan shall materially and adversely affect (as determined by the Administrator) any Award outstanding at the time of such amendment without the consent of the affected Participant. Awards outstanding under the Plan at the time of any suspension or termination of the Plan shall continue to be governed in accordance with the terms of the Plan and the applicable Award Agreement, as in effect prior to such suspension or termination. The Board shall obtain stockholder approval of any Plan amendment to the extent necessary to comply with Applicable Laws.

(e) *Provisions for Foreign Participants.* The Administrator may modify Awards granted to Participants who are foreign nationals or employed outside the United States or establish subplans or procedures under the Plan to address differences in laws, rules, regulations or customs of such foreign jurisdictions with respect to tax, securities, currency, employee benefit or other matters.

(f) *Section 409A.*

(i) *General.* The Company intends that all Awards be structured in compliance with, or to satisfy an exemption from, Section 409A, such that no adverse tax consequences, interest, or penalties under Section 409A apply in connection with any Awards. Notwithstanding anything herein or in any Award Agreement to the contrary, the Administrator may, without a Participant's prior consent, amend this Plan and/or Awards, adopt policies and procedures, or take any other actions (including amendments, policies, procedures and actions with retroactive effect) as are necessary or appropriate to preserve the intended tax treatment of Awards under the Plan, including without limitation, any such actions intended to (A) exempt this Plan and/or any Award from the application of Section 409A, and/or (B) comply with the requirements of Section 409A, including without limitation any such regulations, guidance, compliance programs and other interpretative authority that may be issued after the date of grant of any Award. The Company makes no representations or warranties as to the tax treatment of any Award under Section 409A or otherwise. The Company shall have no obligation under this Section 10(f) or otherwise to take any action (whether or not described herein) to avoid the imposition of taxes, penalties or interest under Section 409A with respect to any Award and shall have no liability to any Participant or any other person if any Award, compensation or other benefits under the Plan are determined to constitute non-compliant, "nonqualified deferred compensation" subject to the imposition of taxes, penalties and/or interest under Section 409A.

(ii) *Separation from Service.* With respect to any Award that constitutes "nonqualified deferred compensation" under Section 409A, any payment or settlement of such Award that is to be made upon a termination of a Participant's Service Provider relationship shall, to the extent necessary to avoid the imposition of taxes under Section 409A, be made only upon the Participant's "separation from service" (within the meaning of Section 409A), whether such "separation from service" occurs upon or subsequent to the termination of the Participant's Service Provider relationship. For purposes of any such provision of this Plan or any Award Agreement relating to any such payments or benefits, references to a "termination," "termination of employment" or like terms shall mean "separation from service."

(iii) *Payments to Specified Employees.* Notwithstanding any contrary provision in the Plan or any Award Agreement, any payment(s) of "nonqualified deferred compensation" that are otherwise required to be made under an Award to a "specified employee" (as defined under Section 409A and determined by the Administrator) as a result of his or her "separation from service" shall, to the extent necessary to avoid the imposition of taxes under Code Section 409A(a)(2)(B)(i), be delayed until the expiration of the six-month period immediately following such "separation from service" (or, if earlier, until the date of death of the specified employee) and shall instead be paid (in a manner set forth in the Award agreement) on the day that immediately follows the end of such six-month period or as soon as administratively practicable thereafter (without interest). Any payments of "nonqualified deferred compensation" under such Award that are, by their terms, payable more than six months following the Participant's "separation from service" shall be paid at the time or times such payments are otherwise scheduled to be made.

(g) *Limitations on Liability.* Notwithstanding any other provisions of the Plan, no individual acting as a director, officer, other employee or agent of the Company will be liable to any Participant, former Participant, spouse, beneficiary, or any other person for any claim, loss, liability, or expense incurred in connection with the Plan or any Award, nor will such individual be personally liable with respect to the Plan because of any contract or other instrument he or she executes in his or her capacity as an Administrator, director, officer, other employee or agent of the Company. The Company

will indemnify and hold harmless each director, officer, other employee and agent of the Company to whom any duty or power relating to the administration or interpretation of the Plan has been or will be granted or delegated, against any cost or expense (including attorneys' fees) or liability (including any sum paid in settlement of a claim with the Administrator's approval) arising out of any act or omission to act concerning this Plan unless arising out of such person's own fraud or bad faith.

(h) *Lock-Up Period.* The Company may, at the request of any representative of the underwriters or otherwise, in connection with any registration of the offering of any securities of the Company under the Securities Act, prohibit Participants from, directly or indirectly, selling or otherwise transferring any shares of Common Stock or other securities of the Company during a period of up to one hundred eighty days following the effective date of a registration statement of the Company filed under the Securities Act.

(i) *Right of First Refusal.*

(i) Before any shares of Common Stock held by a Participant or any permitted transferee (each, a "**Holder**") may be sold, pledged, assigned, hypothecated, transferred, or otherwise disposed of (each, a "**Transfer**"), the Company or its assignee(s) shall have a right of first refusal to purchase the shares of Common Stock proposed to be Transferred on the terms and conditions set forth in this Section 10(i) (the "**Right of First Refusal**"). In the event that the Company's charter, bylaws and/or a stockholders' agreement applicable to the shares of Common Stock contain a right of first refusal with respect to the shares of Common Stock, such right of first refusal shall apply to the shares of Common Stock to the extent such provisions are more restrictive than the Right of First Refusal set forth in this Section 10(i) and the Right of First Refusal set forth in this Section 10(i) shall not in any way restrict the operation of the Company's charter, bylaws or the operation of any applicable stockholders' agreement.

(ii) In the event any Holder desires to Transfer any shares of Common Stock, the Holder shall deliver to the Company a written notice (the "**Notice**") stating: (A) the Holder's bona fide intention to sell or otherwise Transfer such shares of Common Stock; (B) the name of each proposed purchaser or other transferee ("**Proposed Transferee**"); (C) the number of shares of Common Stock to be Transferred to each Proposed Transferee; and (D) the price for which the Holder proposes to Transfer the shares of Common Stock (the "**Offered Price**"), and the Holder shall offer such shares of Common Stock at the Offered Price to the Company or its assignee(s).

(iii) Within twenty-five days after receipt of the Notice, the Company and/or its assignee(s) may elect in writing to purchase all, but not less than all, of the shares of Common Stock proposed to be Transferred to any one or more of the Proposed Transferees by delivery of a written exercise notice to the Holder (a "**Company Notice**"). The purchase price ("**Purchase Price**") for the shares of Common Stock repurchased under this Section 10(i) shall be the Offered Price.

(iv) Payment of the Purchase Price shall be made, at the option of the Company or its assignee(s), in cash (by check or wire transfer), by cancellation of all or a portion of any outstanding indebtedness of the Holder to the Company (or, in the case of repurchase by an assignee, to the assignee), or by any combination thereof, within five days after delivery of the Company Notice or in the manner and at the times mutually agreed to by the Company and the Holder. Should the Offered Price specified in the Notice be payable in property other than cash, the Company or its assignee shall have the right to pay the purchase price in the form of cash equal in amount to the value of such property, as determined by the Administrator.

(v) If all or a portion of the shares of Common Stock proposed in the Notice to be Transferred are not purchased by the Company and/or its assignee(s) as provided in this Section 10(i), then the Holder may sell or otherwise Transfer such shares of Common Stock to that Proposed Transferee at the Offered Price or at a higher price; provided that such sale or other Transfer is consummated within sixty days after the date of the Notice; and provided, further, that any such sale or other Transfer is effected in accordance with any Applicable Laws and the Proposed Transferee agrees in writing that the provisions of this Plan and the applicable Award Agreement and any other applicable agreements governing the shares of Common Stock to be Transferred shall continue to apply to the shares of Common Stock in the hands of such Proposed Transferee. If the shares of Common Stock described in the Notice are not Transferred to the Proposed Transferee within such sixty-day period, a new Notice shall be given to the Company, and the Company and/or its assignees shall again be offered the Right of First Refusal, as provided herein, before any shares of Common Stock held by the Holder may be sold or otherwise Transferred.

(vi) Anything to the contrary contained in this Section 10(i) notwithstanding and to the extent permitted by the Administrator, the Transfer of any or all of the shares of Common Stock during a Participant's lifetime or upon a Participant's death by will or intestacy to the Participant's Immediate Family or a trust for the benefit of the Participant's Immediate Family shall be exempt from the Right of First Refusal. As used herein, "**Immediate Family**" shall mean spouse, lineal descendant or antecedent, father, mother, brother or sister or stepchild (whether or not adopted). In such case, the transferee or other recipient shall receive and hold the shares of Common Stock so Transferred subject to the provisions of this Plan (including the Right of First Refusal), the applicable Award Agreement and any other applicable agreements governing the shares of Common Stock to be Transferred, and there shall be no further Transfer of such shares of Common Stock except in accordance with the terms of this Section 10(i) (or otherwise as expressly provided under the Plan).

(vii) The Right of First Refusal shall terminate as to all shares of Common Stock if the Company becomes a Publicly Listed Company upon such occurrence.

(j) *Data Privacy.* As a condition of receipt of any Award, each Participant explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of personal data as described in this paragraph by and among, as applicable, the Company and its subsidiaries and affiliates for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan. The Company and its subsidiaries and affiliates may hold certain personal information about a Participant, including but not limited to, the Participant's name, home address and telephone number, date of birth, social security or insurance number or other identification number, salary, nationality, job title(s), any shares of stock held in the Company or any of its subsidiaries and affiliates, details of all Awards, in each case, for the purpose of implementing, managing and administering the Plan and Awards (the "**Data**"). The Company and its subsidiaries and affiliates may transfer the Data amongst themselves as necessary for the purpose of implementation, administration and management of a Participant's participation in the Plan, and the Company and its subsidiaries and affiliates may each further transfer the Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located in the Participant's country, or elsewhere, and the Participant's country may have different data privacy laws and protections than the recipients' country. Through acceptance of an Award, each Participant authorizes such recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Participant's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Company or the Participant may elect to deposit any shares of Common Stock. The Data



related to a Participant will be held only as long as is necessary to implement, administer, and manage the Participant's participation in the Plan. A Participant may, at any time, view the Data held by the Company with respect to such Participant, request additional information about the storage and processing of the Data with respect to such Participant, recommend any necessary corrections to the Data with respect to the Participant or refuse or withdraw the consents herein in writing, in any case without cost, by contacting his or her local human resources representative. The Company may cancel Participant's ability to participate in the Plan and, in the Administrator's discretion, the Participant may forfeit any outstanding Awards if the Participant refuses or withdraws his or her consents as described herein. For more information on the consequences of refusal to consent or withdrawal of consent, Participants may contact their local human resources representative.

(k) *Severability.* In the event any portion of the Plan or any action taken pursuant thereto shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provisions had not been included, and the illegal or invalid action shall be null and void.

(l) *Governing Documents.* In the event of any contradiction between the Plan and any Award Agreement or any other written agreement between a Participant and the Company or any Subsidiary of the Company that has been approved by the Administrator, the terms of the Plan shall govern, unless it is expressly specified in such Award Agreement or other written document that a specific provision of the Plan shall not apply.

(m) *Governing Law.* The provisions of the Plan and all Awards made hereunder shall be governed by and interpreted in accordance with the laws of the State of Delaware, disregarding choice-of-law principles of the law of any state that would require the application of the laws of a jurisdiction other than such state.

(n) *Submission to Jurisdiction; Waiver of Jury Trial.* By accepting an Award, each Participant irrevocably and unconditionally consents to submit to the exclusive jurisdiction of the courts of the State of Delaware and of the United States of America, in each case located in the State of Delaware, for any action arising out of or relating to the Plan (and agrees not to commence any litigation relating thereto except in such courts), and further agrees that service of any process, summons, notice or document by U.S. registered mail to the address contained in the records of the Company shall be effective service of process for any litigation brought against it in any such court. By accepting an Award, each Participant irrevocably and unconditionally waives any objection to the laying of venue of any litigation arising out of Plan or Award hereunder in the courts of the State of Delaware or the United States of America, in each case located in the State of Delaware, and further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such litigation brought in any such court has been brought in an inconvenient forum. By accepting an Award, each Participant irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any and all rights to trial by jury in connection with any litigation arising out of or relating to the Plan or any Award hereunder.

(o) *Restrictions on Shares; Claw-Back Provisions.* Awards and shares of Common Stock acquired in respect of Awards shall be subject to such terms and conditions as the Administrator shall determine, including, without limitation, restrictions on the transferability of shares of Common Stock, the right of the Company to repurchase shares of Common Stock, the right of the Company to require that shares of Common Stock be transferred in the event of certain transactions, tag-along rights, bring-along rights, redemption and co-sale rights and voting requirements. Such terms and conditions may be additional to those contained in the Plan and may, as determined by the Administrator, be contained in the applicable Award Agreement or in an exercise notice, stockholders' agreement or in such other agreement as the Administrator shall determine, in each case in a form determined by the

Administrator. The issuance of such shares of Common Stock shall be conditioned on the Participant's consent to such terms and conditions and the Participant's entering into such agreement or agreements. All Awards (including any proceeds, gains or other economic benefit actually or constructively received by Participant upon any receipt or exercise of any Award or upon the receipt or resale of any shares of Common Stock underlying the Award) shall be subject to the provisions of any claw-back policy implemented by the Company, including, without limitation, any claw-back policy adopted to comply with the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder, to the extent set forth in such claw-back policy and/or in the applicable Award Agreement. A Participant shall, as a condition to receiving an Award, agree to execute such further instruments and to take such further action as the Company requests to carry out the purposes and intent of the Plan and any Award, including, without limitation, restrictions on the transferability of shares of Common Stock, the right of the Company to repurchase shares of Common Stock, the right of the Company to require that shares of Common Stock be transferred in the event of certain transactions, tag-along rights, bring-along rights, redemption and co-sale rights and voting requirements in accordance with Section 10(o) of the Plan.

(p) *Titles and Headings.* The titles and headings of the Sections in the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

(q) *Conformity to Securities Laws.* Participant acknowledges that the Plan is intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act and any and all regulations and rules promulgated by the Securities and Exchange Commission thereunder, and state securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan and all Awards granted hereunder shall be administered only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by Applicable Laws, the Plan and all Award Agreements shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

11. **Definitions.** As used in the Plan, the following words and phrases shall have the following meanings:

(a) **"Administrator"** means the Board or a Committee to the extent that the Board's powers or authority under the Plan have been delegated to such Committee.

(b) **"Applicable Laws"** means the requirements relating to the administration of equity incentive plans under U.S. federal and state securities, tax and other applicable laws, rules and regulations, the applicable rules of any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws and rules of any foreign country or other jurisdiction where Awards are granted or issued under the Plan.

(c) **"Award"** means, individually or collectively, a grant under the Plan of Options, Restricted Stock, Restricted Stock Units or Other Stock-Based Awards.

(d) **"Award Agreement"** means a written agreement evidencing an Award, which agreements may be in electronic medium and shall contain such terms and conditions with respect to an Award as the Administrator shall determine, consistent with and subject to the terms and conditions of the Plan.

(e) **"Board"** means the Board of Directors of the Company.

(f) “**Cause**,” with respect to a Participant, means “Cause” (or any term of similar effect) as defined in such Participant’s employment agreement with the Company if such an agreement exists and contains a definition of Cause (or term of similar effect), or, if no such agreement exists or such agreement does not contain a definition of Cause (or term of similar effect), then Cause shall include, but not be limited to: (i) the Participant’s unauthorized use or disclosure of confidential information or trade secrets of the Company or any material breach of a written agreement between the Participant and the Company, including without limitation a material breach of any employment, confidentiality, non-compete, non-solicit or similar agreement; (ii) the Participant’s commission of, indictment for or the entry of a plea of guilty or *nolo contendere* by the Participant to, a felony under the laws of the United States or any state thereof or any crime involving dishonesty or moral turpitude (or any similar crime in any jurisdiction outside the United States); (iii) the Participant’s gross negligence or willful misconduct or the Participant’s willful or repeated failure or refusal to substantially perform assigned duties; (iv) any act of fraud, embezzlement, material misappropriation or dishonesty committed by the Participant against the Company; or (v) any acts, omissions or statements by a Participant which the Company reasonably determines to be materially detrimental or damaging to the reputation, operations, prospects or business relations of the Company.

(g) “**Change in Control**” means (i) a merger or consolidation of the Company with or into any other corporation or other entity or person, (ii) a sale, lease, exchange or other transfer in one transaction or a series of related transactions of all or substantially all of the Company’s assets, or (iii) any other transaction, including the sale by the Company of new shares of its capital stock or a transfer of existing shares of capital stock of the Company, the result of which is that a third party that is not an affiliate of the Company or its stockholders (or a group of third parties not affiliated with the Company or its stockholders) immediately prior to such transaction acquires or holds capital stock of the Company representing a majority of the Company’s outstanding voting power immediately following such transaction; provided that the following events shall not constitute a “Change in Control”: (A) a transaction (other than a sale of all or substantially all of the Company’s assets) in which the holders of the voting securities of the Company immediately prior to the merger or consolidation hold, directly or indirectly, at least a majority of the voting securities in the successor corporation or its parent immediately after the merger or consolidation; (B) a sale, lease, exchange or other transaction in one transaction or a series of related transactions of all or substantially all of the Company’s assets to an affiliate of the Company; (C) an initial public offering of any of the Company’s securities or any other transaction or series of related transactions principally for bona fide equity financing purposes; (D) a reincorporation of the Company solely to change its jurisdiction; or (E) a transaction undertaken for the primary purpose of creating a holding company that will be owned in substantially the same proportion by the persons who held the Company’s securities immediately before such transaction. Notwithstanding the foregoing, if a Change in Control would give rise to a payment or settlement event with respect to any Award that constitutes “nonqualified deferred compensation,” the transaction or event constituting the Change in Control must also constitute a “change in control event” (as defined in Treasury Regulation §1.409A-3(i)(5)) in order to give rise to the payment or settlement event for such Award, to the extent required by Section 409A.

(h) “**Code**” means the Internal Revenue Code of 1986, as amended, and the regulations issued thereunder.

(i) “**Committee**” means one or more committees or subcommittees of the Board, which may be comprised of one or more directors and/or executive officers of the Company, in either case, to the extent permitted in accordance with Applicable Laws.

(j) “**Common Stock**” means the common stock of the Company.

(k) “**Company**” means Gossamer Bio, Inc., a Delaware corporation, or any successor thereto. Except where the context otherwise requires, the term “Company” includes any of the Company’s present or future parent or subsidiary corporations as defined in Sections 424(e) or (f) of the Code and any other business venture (including, without limitation, joint venture or limited liability company) in which the Company has a significant interest, as determined by the Administrator.

(l) “**Consultant**” means any person, including any advisor, engaged by the Company or a parent or subsidiary of the Company to render services to such entity.

(m) “**Designated Beneficiary**” means the beneficiary or beneficiaries designated, in a manner determined by the Administrator, by a Participant to receive amounts due or exercise rights of the Participant in the event of the Participant’s death or incapacity. In the absence of an effective designation by a Participant, “Designated Beneficiary” shall mean the Participant’s estate.

(n) “**Director**” means a member of the Board.

(o) “**Disability**” means a permanent and total disability within the meaning of Section 22(e)(3) of the Code, as it may be amended from time to time.

(p) “**Dividend Equivalents**” means a right granted to a Participant pursuant to Section 6(d)(3) hereof to receive the equivalent value (in cash or shares of Common Stock) of dividends paid on shares of Common Stock.

(q) “**Employee**” means any person, including officers and Directors, employed by the Company (within the meaning of Section 3401(c) of the Code) or any parent or subsidiary of the Company.

(r) “**Equity Restructuring**” means, as determined by the Administrator, a non-reciprocal transaction between the Company and its stockholders, such as a stock dividend, stock split, spin-off or recapitalization through a large, nonrecurring cash dividend, or other large, nonrecurring cash dividend, that affects the shares of Common Stock (or other securities of the Company) or the share price of Common Stock (or other securities of the Company) and causes a change in the per share value of the Common Stock underlying outstanding Awards.

(s) “**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

(t) “**Fair Market Value**” means, as of any date, the value of Stock determined as follows: (i) if the Common Stock is listed on any established stock exchange, its Fair Market Value shall be the closing sales price for such Common Stock as quoted on such exchange for such date, or if no sale occurred on such date, the first market trading day immediately prior to such date during which a sale occurred, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; (ii) if the Common Stock is not traded on a stock exchange but is quoted on a national market or other quotation system, the last sales price on such date, or if no sales occurred on such date, then on the date immediately prior to such date on which sales prices are reported, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; or (iii) in the absence of an established market for the Common Stock, the Fair Market Value thereof shall be determined by the Administrator.

(u) “**Incentive Stock Option**” means an “incentive stock option” as defined in Section 422 of the Code.

(v) “**Non-Qualified Stock Option**” means an Option that is not intended to be or otherwise does not qualify as an Incentive Stock Option.

(w) “**Option**” means an option to purchase Common Stock.

(x) “**Other Stock-Based Awards**” means other Awards of shares of Common Stock, and other Awards that are valued in whole or in part by reference to, or are otherwise based on, shares of Common Stock or other property.

(y) “**Participant**” means a Service Provider who has been granted an Award under the Plan.

(z) “**Plan**” means this 2017 Equity Incentive Plan.

(aa) “**Publicly Listed Company**” means that the Company or its successor (i) is required to file periodic reports pursuant to Section 12 of the Exchange Act and (ii) the Common Stock is listed on one or more National Securities Exchanges (within the meaning of the Exchange Act) or is quoted on NASDAQ or a successor quotation system.

(bb) “**Restricted Stock**” means Common Stock awarded to a Participant pursuant to Section 6 hereof that is subject to certain vesting conditions and other restrictions.

(cc) “**Restricted Stock Unit**” means an unfunded, unsecured right to receive, on the applicable settlement date, one share of Common Stock or an amount in cash or other consideration determined by the Administrator equal to the value thereof as of such payment date, which right may be subject to certain vesting conditions and other restrictions.

(dd) “**Section 409A**” means Section 409A of the Code and all regulations, guidance, compliance programs and other interpretative authority thereunder.

(ee) “**Securities Act**” means the Securities Act of 1933, as amended from time to time.

(ff) “**Service Provider**” means an Employee, Consultant or Director.

(gg) “**Termination of Service**” means the date the Participant ceases to be a Service Provider.

2017 EQUITY INCENTIVE PLAN

CALIFORNIA SUPPLEMENT

The Administrator has adopted this supplement for purposes of satisfying the requirements of Section 25102(o) of the California Corporations Code and the regulations issued thereunder ("**Section 25102(o)**"). Notwithstanding anything to the contrary contained in the Plan and except as otherwise determined by the Administrator, the provisions set forth in this supplement shall apply to all Awards granted under the Plan to a Participant who is a resident of the State of California on the date of grant (a "**California Participant**") and which are intended to be exempt from registration in California pursuant to Section 25102(o). This supplement shall not apply to Awards granted to California Participants or after the date on which the Company becomes a Publicly Listed Company. Definitions in the Plan are applicable to this supplement.

1. **Limitation on Securities Issuable under the Plan.** The amount of securities issued pursuant to the Plan shall not exceed the amounts permitted under section 260.140.45 of the California Code of Regulations to the extent applicable.

2. **Additional Limitations On Options.**

(a) **Maximum Duration of Options.** No Options granted to California Participants will be granted for a term in excess of 10 years.

(b) **Minimum Exercise Period Following Termination.** Unless a California Participant's Service Provider relationship is terminated for Cause, in the event of termination of such Participant's Service Provider relationship, to the extent required by Applicable Laws, he or she shall have the right to exercise an Option, to the extent that he or she was otherwise entitled to exercise such Option on the date employment terminated, as follows: (i) at least six months from the date of termination, if termination was caused by such Participant's death or Disability and (ii) at least 30 days from the date of termination, if termination was caused other than by such Participant's death or Disability.

3. **Additional Limitations For Restricted Stock Awards, Restricted Stock Units and Other Stock-Based Awards.** The terms of all Awards granted to California Participants shall comply, to the extent applicable, with Section 260.140.41 and Section 260.140.42 of the California Code of Regulations.

4. **Adjustments.** The Administrator will make such adjustments to an Award held by a California Participant as may be required by Section 260.140.41 or Section 260.140.42 of the California Code of Regulations.

5. **Additional Requirement To Provide Information To California Participants.** To the extent required by Section 260.140.46 of the California Code of Regulations, the Company shall provide to each California Participant and to each California Participant who acquires Common Stock pursuant to the Plan, not less frequently than annually, copies of annual financial statements (which need not be audited). The Company shall not be required to provide such statements to key persons whose duties in connection with the Company assure their access to equivalent information. In addition, this information requirement shall not apply to the Plan to the extent that it complies with all conditions of Rule 701 of the Securities Act ("**Rule 701**") as determined by the Administrator; provided that for purposes of

determining such compliance, any registered domestic partner shall be considered a “family member” as that term is defined in Rule 701.

6. ***Stockholder Approval; Additional Limitations On Timing Of Awards.*** The Plan will be submitted for the approval of the Company’s stockholders within twelve (12) months after the date of the Board’s adoption of the Plan. Awards may be granted or awarded prior to such stockholder approval; provided that no Award granted to a California Participant shall become exercisable, vested or realizable, as applicable to such Award, unless the Plan has been approved by the Company’s stockholders within twelve months before or after the date the Plan was adopted by the Administrator; and provided, further, that if such approval has not been obtained at the end of said twelve-month period, all Awards previously granted or awarded under the Plan to California Participants shall thereupon be canceled and become null and void.

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## 2017 PLAN AMENDMENT

THIS AMENDMENT NO. 1 TO THE GOSSAMER BIO, INC. EQUITY INCENTIVE PLAN (this “*Amendment*”), dated as of December 29, 2017, is made and adopted by Gossamer Bio, Inc., a Delaware corporation (the “*Company*”). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan (as defined below).

### RECITALS

WHEREAS, the Company has adopted the Gossamer Bio, Inc. 2017 Equity Incentive Plan (the “*Plan*”);

WHEREAS, the Company desires to amend the Plan as set forth below;

WHEREAS, pursuant to Section 10(d) of the Plan, the Plan may be amended by the Board of Directors of the Company; and

WHEREAS, the Board of Directors of the Company has approved this Amendment pursuant to resolutions adopted on December 29, 2017.

NOW, THEREFORE, in consideration of the foregoing, the Company hereby amends the Plan as follows:

1. Section 4(a) of the Plan is hereby amended to read as follows:

“(a) *Number of Shares*. Subject to adjustment under Section 8 hereof, Awards may be made under the Plan covering up to 5,889,357 shares of Common Stock. If any Award expires or lapses or is terminated, surrendered or canceled without having been fully exercised or is forfeited in whole or in part (including as the result of shares of Common Stock subject to such Award being repurchased by the Company at or below the original issuance price), in any case in a manner that results in any shares of Common Stock covered by such Award not being issued or being so reacquired by the Company, the unused Common Stock covered by such Award shall again be available for the grant of Awards under the Plan. Further, shares of Common Stock delivered (either by actual delivery or attestation) to the Company by a Participant to satisfy the applicable exercise or purchase price of an Award and/or to satisfy any applicable tax withholding obligation (including shares retained by the Company from the Award being exercised or purchased and/or creating the tax obligation) shall be added to the number of shares of Common Stock available for the grant of Awards under the Plan. However, in the case of Incentive Stock Options (as hereinafter defined), the foregoing provisions shall be subject to any limitations under the Code. Shares of Common Stock issued under the Plan may consist in whole or in part of authorized but unissued shares, shares purchased on the open market or treasury shares.”

2. This Amendment shall be and is hereby incorporated in and forms a part of the Plan. All other terms and provisions of the Plan shall remain unchanged except as specifically modified herein. The Plan, as amended by this Amendment, is hereby ratified and confirmed.



I hereby certify that the foregoing Amendment was duly adopted by the Board of Directors of Gossamer Bio, Inc. on December 29, 2017.

By: /s/ Christian Waage

Name: Christian Waage

Title: Secretary

## AMENDMENT NO. 2 TO THE GOSSAMER BIO, INC. 2017 EQUITY INCENTIVE PLAN

THIS AMENDMENT NO. 2 TO THE GOSSAMER BIO, INC. 2017 EQUITY INCENTIVE PLAN (this "**Amendment**"), dated as of May 21, 2018, is made and adopted by Gossamer Bio, Inc., a Delaware corporation (the "**Company**"). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan (as defined below).

### RECITALS

WHEREAS, the Company has adopted the Gossamer Bio, Inc. 2017 Equity Incentive Plan (the "**Plan**");

WHEREAS, the Company desires to amend the Plan as set forth below;

WHEREAS, pursuant to Section 10(d) of the Plan, the Plan may be amended by the Board of Directors of the Company; and

WHEREAS, the Board of Directors of the Company has approved this Amendment pursuant to resolutions adopted on May 21, 2018.

NOW, THEREFORE, in consideration of the foregoing, the Company hereby amends the Plan as follows:

1. Section 4(a) of the Plan is hereby amended to read as follows:

“(a) *Number of Shares.* Subject to adjustment under Section 8 hereof, Awards may be made under the Plan covering up to 13,665,920 shares of Common Stock. If any Award expires or lapses or is terminated, surrendered or canceled without having been fully exercised or is forfeited in whole or in part (including as the result of shares of Common Stock subject to such Award being repurchased by the Company at or below the original issuance price), in any case in a manner that results in any shares of Common Stock covered by such Award not being issued or being so reacquired by the Company, the unused Common Stock covered by such Award shall again be available for the grant of Awards under the Plan. Further, shares of Common Stock delivered (either by actual delivery or attestation) to the Company by a Participant to satisfy the applicable exercise or purchase price of an Award and/or to satisfy any applicable tax withholding obligation (including shares retained by the Company from the Award being exercised or purchased and/or creating the tax obligation) shall be added to the number of shares of Common Stock available for the grant of Awards under the Plan. However, in the case of Incentive Stock Options (as hereinafter defined), the foregoing provisions shall be subject to any limitations under the Code. Shares of Common Stock issued under the Plan may consist in whole or in part of authorized but unissued shares, shares purchased on the open market or treasury shares.”

2. This Amendment shall be and is hereby incorporated in and forms a part of the Plan. All other terms and provisions of the Plan shall remain unchanged except as specifically modified herein. The Plan, as amended by this Amendment, is hereby ratified and confirmed.

I hereby certify that the foregoing Amendment was duly adopted by the Board of Directors of Gossamer Bio, Inc. on May 21, 2018.

By: /s/ Christian Waage

Name: Christian Waage

Title: Secretary

## AMENDMENT NO. 3 TO THE GOSSAMER BIO, INC. 2017 EQUITY INCENTIVE PLAN

THIS AMENDMENT NO. 3 TO THE GOSSAMER BIO, INC. 2017 EQUITY INCENTIVE PLAN (this "**Amendment**"), dated as of June 25, 2018, is made and adopted by Gossamer Bio, Inc., a Delaware corporation (the "**Company**"). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan (as defined below).

### RECITALS

WHEREAS, the Company has adopted the Gossamer Bio, Inc. 2017 Equity Incentive Plan (the "**Plan**");

WHEREAS, the Company desires to amend the Plan as set forth below;

WHEREAS, pursuant to Section 10(d) of the Plan, the Plan may be amended by the Board of Directors of the Company; and

WHEREAS, the Board of Directors of the Company has approved this Amendment pursuant to resolutions adopted on June 25, 2018.

NOW, THEREFORE, in consideration of the foregoing, the Company hereby amends the Plan as follows:

1. Section 4(a) of the Plan is hereby amended to read as follows:

“(a) *Number of Shares.* Subject to adjustment under Section 8 hereof, Awards may be made under the Plan covering up to 14,515,920 shares of Common Stock. If any Award expires or lapses or is terminated, surrendered or canceled without having been fully exercised or is forfeited in whole or in part (including as the result of shares of Common Stock subject to such Award being repurchased by the Company at or below the original issuance price), in any case in a manner that results in any shares of Common Stock covered by such Award not being issued or being so reacquired by the Company, the unused Common Stock covered by such Award shall again be available for the grant of Awards under the Plan. Further, shares of Common Stock delivered (either by actual delivery or attestation) to the Company by a Participant to satisfy the applicable exercise or purchase price of an Award and/or to satisfy any applicable tax withholding obligation (including shares retained by the Company from the Award being exercised or purchased and/or creating the tax obligation) shall be added to the number of shares of Common Stock available for the grant of Awards under the Plan. However, in the case of Incentive Stock Options (as hereinafter defined), the foregoing provisions shall be subject to any limitations under the Code. Shares of Common Stock issued under the Plan may consist in whole or in part of authorized but unissued shares, shares purchased on the open market or treasury shares.”

2. This Amendment shall be and is hereby incorporated in and forms a part of the Plan. All other terms and provisions of the Plan shall remain unchanged except as specifically modified herein. The Plan, as amended by this Amendment, is hereby ratified and confirmed.

I hereby certify that the foregoing Amendment was duly adopted by the Board of Directors of Gossamer Bio, Inc. on June 25, 2018.

By: /s/ Christian Waage  
Name: Christian Waage  
Title: Secretary

## AMENDMENT NO. 4 TO THE GOSSAMER BIO, INC. 2017 EQUITY INCENTIVE PLAN

THIS AMENDMENT NO. 4 TO THE GOSSAMER BIO, INC. 2017 EQUITY INCENTIVE PLAN (this "**Amendment**"), dated as of July 18, 2018, is made and adopted by Gossamer Bio, Inc., a Delaware corporation (the "**Company**"). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan (as defined below).

### RECITALS

WHEREAS, the Company has adopted the Gossamer Bio, Inc. 2017 Equity Incentive Plan (the "**Plan**");

WHEREAS, the Company desires to amend the Plan as set forth below;

WHEREAS, pursuant to Section 10(d) of the Plan, the Plan may be amended by the Board of Directors of the Company; and

WHEREAS, the Board of Directors of the Company has approved this Amendment pursuant to resolutions adopted on July 18, 2018.

NOW, THEREFORE, in consideration of the foregoing, the Company hereby amends the Plan as follows:

1. Section 4(a) of the Plan is hereby amended to read as follows:

“(a) *Number of Shares.* Subject to adjustment under Section 8 hereof, Awards may be made under the Plan covering up to 17,121,225 shares of Common Stock. If any Award expires or lapses or is terminated, surrendered or canceled without having been fully exercised or is forfeited in whole or in part (including as the result of shares of Common Stock subject to such Award being repurchased by the Company at or below the original issuance price), in any case in a manner that results in any shares of Common Stock covered by such Award not being issued or being so reacquired by the Company, the unused Common Stock covered by such Award shall again be available for the grant of Awards under the Plan. Further, shares of Common Stock delivered (either by actual delivery or attestation) to the Company by a Participant to satisfy the applicable exercise or purchase price of an Award and/or to satisfy any applicable tax withholding obligation (including shares retained by the Company from the Award being exercised or purchased and/or creating the tax obligation) shall be added to the number of shares of Common Stock available for the grant of Awards under the Plan. However, in the case of Incentive Stock Options (as hereinafter defined), the foregoing provisions shall be subject to any limitations under the Code. Shares of Common Stock issued under the Plan may consist in whole or in part of authorized but unissued shares, shares purchased on the open market or treasury shares.”

2. This Amendment shall be and is hereby incorporated in and forms a part of the Plan. All other terms and provisions of the Plan shall remain unchanged except as specifically modified herein. The Plan, as amended by this Amendment, is hereby ratified and confirmed.

I hereby certify that the foregoing Amendment was duly adopted by the Board of Directors of Gossamer Bio, Inc. on July 18, 2018.

By: /s/ Christian Waage

Name: Christian Waage

Title: Secretary

## AMENDMENT NO. 5 TO THE GOSSAMER BIO, INC. 2017 EQUITY INCENTIVE PLAN

THIS AMENDMENT NO. 5 TO THE GOSSAMER BIO, INC. 2017 EQUITY INCENTIVE PLAN (this “*Amendment*”), dated as of December 4, 2018, is made and adopted by Gossamer Bio, Inc., a Delaware corporation (the “*Company*”). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan (as defined below).

### RECITALS

WHEREAS, the Company has adopted the Gossamer Bio, Inc. 2017 Equity Incentive Plan (the “*Plan*”);

WHEREAS, the Company desires to amend the Plan as set forth below;

WHEREAS, pursuant to Section 10(d) of the Plan, the Plan may be amended by the Board of Directors of the Company; and

WHEREAS, the Board of Directors of the Company has approved this Amendment pursuant to resolutions adopted on December 4, 2018.

NOW, THEREFORE, in consideration of the foregoing, the Company hereby amends the Plan as follows:

1. Section 4(a) of the Plan is hereby amended to read as follows:

“(a) *Number of Shares.* Subject to adjustment under Section 8 hereof, Awards may be made under the Plan covering up to 20,897,072 shares of Common Stock. If any Award expires or lapses or is terminated, surrendered or canceled without having been fully exercised or is forfeited in whole or in part (including as the result of shares of Common Stock subject to such Award being repurchased by the Company at or below the original issuance price), in any case in a manner that results in any shares of Common Stock covered by such Award not being issued or being so reacquired by the Company, the unused Common Stock covered by such Award shall again be available for the grant of Awards under the Plan. Further, shares of Common Stock delivered (either by actual delivery or attestation) to the Company by a Participant to satisfy the applicable exercise or purchase price of an Award and/or to satisfy any applicable tax withholding obligation (including shares retained by the Company from the Award being exercised or purchased and/or creating the tax obligation) shall be added to the number of shares of Common Stock available for the grant of Awards under the Plan. However, in the case of Incentive Stock Options (as hereinafter defined), the foregoing provisions shall be subject to any limitations under the Code. Shares of Common Stock issued under the Plan may consist in whole or in part of authorized but unissued shares, shares purchased on the open market or treasury shares.”

2. This Amendment shall be and is hereby incorporated in and forms a part of the Plan. All other terms and provisions of the Plan shall remain unchanged except as specifically modified herein. The Plan, as amended by this Amendment, is hereby ratified and confirmed.



I hereby certify that the foregoing Amendment was duly adopted by the Board of Directors of Gossamer Bio, Inc. on December 4, 2018.

By: /s/ Christian Waage

Name: Christian Waage

Title: Secretary

## AMENDMENT NO. 6 TO THE GOSSAMER BIO, INC. 2017 EQUITY INCENTIVE PLAN

THIS AMENDMENT NO. 6 TO THE GOSSAMER BIO, INC. 2017 EQUITY INCENTIVE PLAN (this “*Amendment*”), dated as of December 14, 2018, is made and adopted by Gossamer Bio, Inc., a Delaware corporation (the “*Company*”). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan (as defined below).

### RECITALS

WHEREAS, the Company has adopted the Gossamer Bio, Inc. 2017 Equity Incentive Plan (the “*Plan*”);

WHEREAS, the Company desires to amend the Plan as set forth below;

WHEREAS, pursuant to Section 10(d) of the Plan, the Plan may be amended by the Board of Directors of the Company; and

WHEREAS, the Board of Directors of the Company has approved this Amendment pursuant to resolutions adopted on December 10, 2018.

NOW, THEREFORE, in consideration of the foregoing, the Company hereby amends the Plan as follows:

1. Section 4(a) of the Plan is hereby amended to read as follows:

“(a) *Number of Shares.* Subject to adjustment under Section 8 hereof, Awards may be made under the Plan covering up to 28,305,072 shares of Common Stock. If any Award expires or lapses or is terminated, surrendered or canceled without having been fully exercised or is forfeited in whole or in part (including as the result of shares of Common Stock subject to such Award being repurchased by the Company at or below the original issuance price), in any case in a manner that results in any shares of Common Stock covered by such Award not being issued or being so reacquired by the Company, the unused Common Stock covered by such Award shall again be available for the grant of Awards under the Plan. Further, shares of Common Stock delivered (either by actual delivery or attestation) to the Company by a Participant to satisfy the applicable exercise or purchase price of an Award and/or to satisfy any applicable tax withholding obligation (including shares retained by the Company from the Award being exercised or purchased and/or creating the tax obligation) shall be added to the number of shares of Common Stock available for the grant of Awards under the Plan. However, in the case of Incentive Stock Options (as hereinafter defined), the foregoing provisions shall be subject to any limitations under the Code. Shares of Common Stock issued under the Plan may consist in whole or in part of authorized but unissued shares, shares purchased on the open market or treasury shares.”

2. This Amendment shall be and is hereby incorporated in and forms a part of the Plan. All other terms and provisions of the Plan shall remain unchanged except as specifically modified herein. The Plan, as amended by this Amendment, is hereby ratified and confirmed.

I hereby certify that the foregoing Amendment was duly adopted by the Board of Directors of Gossamer Bio, Inc. on December 14, 2018.

By: /s/ Christian Waage

Name: Christian Waage

Title: Secretary

## GOSSAMER BIO, INC.

## 2017 EQUITY INCENTIVE PLAN

STOCK OPTION GRANT NOTICE AND  
STOCK OPTION AGREEMENT

Gossamer Bio, Inc. (the “**Company**”), pursuant to its 2017 Equity Incentive Plan (as amended from time to time, the “**Plan**”), hereby grants to Participant an Option to purchase the number of shares of the Company’s Common Stock (referred to herein as “**Shares**”) set forth below. This Option is subject to all of the terms and conditions as set forth herein and in the Stock Option Agreement attached hereto as Exhibit A (the “**Agreement**”) and the Plan, each of which is incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Stock Option Grant Notice (“**Grant Notice**”) and the Agreement.

**Participant:** *[Insert Participant Name]*

**Grant Date:** *[Insert Grant Date]*

**Vesting Commencement Date:** *[Insert Vesting Commencement Date]*

**Exercise Price per Share:** *[\$[Insert Exercise Price Per Share]*

**Total Exercise Price:** *[\$[Insert Aggregate Exercise Price on Grant Date]*

**Total Number of Shares Subject to Option:** *[Insert Number of Shares]*

**Expiration Date:** *[Insert Tenth Anniversary of Grant Date]*

**Type of Option:**  Incentive Stock Option     Non-Qualified Stock Option

**Vesting Schedule:** *[To be specified in individual agreements.]*

By his or her signature and the Company’s signature below, Participant agrees to be bound by the terms and conditions of the Plan, the Agreement and this Grant Notice. Participant has reviewed the Agreement, the Plan and this Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of this Grant Notice, the Agreement and the Plan. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator of the Plan upon any questions arising under the Plan or the Agreement.

## GOSSAMER BIO, INC.

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

## PARTICIPANT

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

State of \_\_\_\_\_

Residence: \_\_\_\_\_

EXHIBIT A

TO STOCK OPTION GRANT NOTICE

STOCK OPTION AGREEMENT

Pursuant to the Grant Notice to which this Agreement is attached, the Company has granted to Participant an Option under the Plan to purchase the number of Shares indicated in the Grant Notice.

1. **Grant of Option.** In consideration of Participant's past and/or continued employment with or service to the Company or a parent or subsidiary of the Company and for other good and valuable consideration, effective as of the Grant Date set forth in the Grant Notice, the Company irrevocably grants to Participant an Option to purchase any part or all of an aggregate of the number of Shares set forth in the Grant Notice at the Exercise Price per Share set forth in the Grant Notice, upon the terms and conditions set forth in the Plan and this Agreement. Unless designated as a Non-Qualified Stock Option in the Grant Notice, the Option shall be an Incentive Stock Option to the maximum extent permitted by law.

2. **Vesting.** The Option shall become vested and exercisable in such amounts and at such times as are set forth in the vesting schedule in the Grant Notice (the "**Vesting Schedule**"), except that any Share as to which the Option would be fractionally vested will be accumulated and will vest and become exercisable only when a whole Share has accumulated. The installments provided for in the vesting schedule are cumulative. Unless otherwise determined by the Administrator, any portion of the Option that has not become vested and exercisable on or prior to the date Participant incurs a Termination of Service shall be forfeited on the date of Participant's Termination of Service and shall not thereafter become vested, except as may be otherwise provided by the Administrator or as set forth in another written agreement between the Company and Participant.

3. **Exercise.**

(a) **Duration of Exercisability.** Any vested portion of the Option may be exercised in whole or in part at any time prior to the time when the Option or portion thereof becomes unexercisable under Section 4.

(b) **Person Eligible to Exercise.** During the lifetime of Participant, only Participant may exercise the Option or any portion thereof. After the death of Participant, any exercisable portion of the Option may, prior to the time when the Option becomes unexercisable under Section 4, be exercised by Participant's personal representative or by any person empowered to do so under the deceased Participant's will or under the then Applicable Laws of descent and distribution.

(c) **Manner of Exercise.** The Option, or any exercisable portion thereof, may be exercised solely by delivery to the Secretary of the Company or the Secretary's office, or such other place as may be determined by the Administrator, of all of the following prior to the time when the Option or such portion thereof becomes unexercisable under Section 4:

(i) An exercise notice in substantially in the form attached as Exhibit B to the Grant Notice (or such other form as is prescribed by the Administrator, which may be an electronic form) (the "**Exercise Notice**") signed by Participant or any other person then entitled to exercise the Option or portion thereof, stating that the Option or portion thereof is thereby exercised, such Exercise Notice complying with all applicable rules established by the Administrator; and

(ii) Subject to Section 5(f) of the Plan, full payment for the Shares with respect to which the Option or portion thereof is exercised by:

(A) Cash, wire transfer of immediately available funds or check, payable to the order of the Company; or

(B) With the consent of the Administrator, surrendering shares of Common Stock then issuable upon exercise of the Option valued at their Fair Market Value on the date of exercise; or

(C) If the Company is a Publicly Listed Company, unless the Administrator otherwise determines, through the (A) delivery of an irrevocable and unconditional undertaking by a broker acceptable to the Company to deliver promptly to the Company sufficient funds to pay the exercise price, or (B) delivery by the Participant to the Company of a copy of irrevocable and unconditional instructions to a broker acceptable to the Company to deliver promptly to the Company cash or a check sufficient to pay the exercise price, provided in either case, that such amount is paid to the Company at such time as may be required by the Administrator; or

(D) With the consent of the Administrator, any other form of payment permitted under Section 5(f) of the Plan; or

(E) Any combination of the above permitted forms of payment; and

(iii) Subject to Section 9(e) of the Plan, full payment for any applicable withholding taxes in cash, by wire transfer of immediately available funds or by check or in any form of consideration permitted by the Administrator for the payment of the exercise price pursuant to Section 3(c)(ii) above or pursuant to Section 3(d) below; and

(iv) In the event the Option or portion thereof shall be exercised pursuant to Section 3(b) by any person or persons other than Participant, appropriate proof of the right of such person or persons to exercise the Option.

(d) *Tax Withholding.* The Company shall have the authority and the right to deduct or withhold, or require Participant to remit to the Company, an amount sufficient to satisfy federal, state, local and foreign taxes (including Participant's employment tax obligation) required by Applicable Law to be withheld with respect to any taxable event concerning Participant arising as a result of the Option or otherwise under this Agreement, including, without limitation, the authority to deduct such amounts from other compensation payable to Participant by the Company.

(e) *Fractional Shares.* The Option may only be exercised for whole shares of Common Stock. Any fractional Shares shall be rounded down to the nearest whole share.

(f) *Special Tax Consequences.* If the Option is intended to be an Incentive Stock Option, Participant acknowledges that, to the extent that the aggregate fair market value (determined as of the time the Option is granted) of all Shares with respect to which Incentive Stock Options, including, without limitation, the Option, are first exercisable for the first time by Participant in any calendar year exceeds \$100,000 (or such other limitation as imposed by Section 422(d) of the Code), the Option and such other options (or the applicable portion thereof) shall be treated as not qualifying under Section

422 of the Code but rather shall be considered Non-Qualified Stock Options. Participant further acknowledges that the rule set forth in the preceding sentence shall be applied by taking Options and other "incentive stock options" into account in the order in which they were granted.

4. **Expiration of Option.** The Option may not be exercised to any extent by anyone after the first to occur of the following events:
- (a) The Expiration Date set forth in the Grant Notice;
  - (b) The expiration of three months following the date of Participant's Termination of Service, unless such Termination of Service occurs by reason of Participant's death or Disability or Participant's discharge by the Company for Cause;
  - (c) The expiration of one year following the date of Participant's Termination of Service by reason of Participant's death or Disability;
  - (d) The date of Participant's Termination of Service as a result of Participant's discharge by the Company for Cause; or
  - (e) With respect to any unvested portion of the Option, the date that is thirty days following Participant's Termination of Service for any reason other than as a result of Participant's discharge by the Company for Cause, or such shorter period as may be determined by the Administrator.

Participant acknowledges that an Incentive Stock Option exercised more than three months after Participant's termination of status as an Employee, other than by reason of death or Disability, will be taxed as a Non-Qualified Stock Option.

5. **Transferability.** The Option shall not be sold, assigned, transferred, pledged or otherwise encumbered by Participant, either voluntarily or by operation of law, except by will or the laws of descent and distribution, and, during the life of the Participant, the Option shall be exercisable only by the Participant.

6. **Restrictive Legends and Stop-Transfer Orders.**

(a) **Legends.** Participant understands and agrees that the Company shall cause any certificates issued evidencing the Shares to have the legends set forth below or legends substantially equivalent thereto, together with any other legends that may be required by Applicable Laws:

THE SHARES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED ("ACT"), NOR HAVE THEY BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE. NO TRANSFER OF SUCH SECURITIES WILL BE PERMITTED UNLESS A REGISTRATION STATEMENT UNDER THE ACT IS IN EFFECT AS TO SUCH TRANSFER, THE TRANSFER IS MADE IN ACCORDANCE WITH RULE 144 UNDER THE ACT, OR IN THE OPINION OF COUNSEL (WHICH MAY BE COUNSEL FOR THE COMPANY) REGISTRATION UNDER THE ACT IS UNNECESSARY IN ORDER FOR SUCH TRANSFER TO COMPLY WITH THE ACT AND WITH APPLICABLE STATE SECURITIES LAWS.

THE SHARES REPRESENTED BY THIS CERTIFICATE MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF AN AGREEMENT BETWEEN THE COMPANY AND THE STOCKHOLDER, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY. SUCH TRANSFER RESTRICTIONS ARE BINDING ON TRANSFEREES OF THESE SHARES.

(b) *Stop Transfer Orders.* Participant agrees that, in order to ensure compliance with the restrictions referred to in the Plan and this Agreement, the Company may issue appropriate “stop transfer” instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

(c) *Impermissible Transfers Void.* The Company shall not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred. Any transfer or attempted transfer of the Option or any of the Restricted Shares not in accordance with the terms of this Agreement shall be void.

7. **Taxes.** Participant understands that Participant may suffer adverse tax consequences as a result of Participant’s purchase or disposition of the Shares. Participant represents that Participant has consulted with any tax consultants Participant deems advisable in connection with the purchase or disposition of the Shares and that Participant is not relying on the Company for any tax advice. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. Participant understands that Participant (and not the Company) shall be responsible for Participant’s tax liability that may arise as a result of the transactions contemplated by this Agreement.

8. **Miscellaneous.**

(a) *No Right To Employment or Other Status.* No person shall have any claim or right to be granted an Award, and the grant of an Award shall not be construed as giving a Participant the right to continued employment or any other relationship with the Company. The Company expressly reserves the right at any time to dismiss or otherwise terminate its relationship with a Participant free from any liability or claim under the Plan or this Agreement.

(b) *Notices.* Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of the Secretary of the Company at the Company’s principal executive offices, and any notice to be given to Participant shall be addressed to Participant at the most-recent physical or email address for Participant listed in the Company’s personnel records. By a notice given pursuant to this Section 8(b), either party may hereafter designate a different address for notices to be given to that party. Any notice which is required to be given to Participant shall, if Participant is then deceased, be given to the person entitled to exercise his or her Option by written notice under this Section 8(b). Any notice shall be deemed duly given when sent via email or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

(c) *Successors and Assigns.* The Company may assign any of its rights under this Agreement and the Exercise Notice to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set



forth, this Agreement shall be binding upon Participant and his or her heirs, executors, administrators, successors and assigns.

(d) *Severability.* In the event any portion of the Plan or this Agreement or any action taken pursuant thereto shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan and this Agreement, and the Plan and this Agreement shall be construed and enforced as if the illegal or invalid provisions had not been included, and the illegal or invalid action shall be null and void.

(e) *Entire Agreement; Governing Documents.* The Plan, the Grant Notice and this Agreement (including all Exhibits thereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof. In the event of any contradiction between the Plan and this Agreement or any other written agreement between a Participant and the Company that has been approved by the Administrator, the terms of the Plan shall govern. Participant hereby agrees to execute such further instruments and to take such further action as the Company requests to carry out the purposes and intent of this Agreement and the Plan, including, without limitation, restrictions on the transferability of shares of Common Stock, the right of the Company to repurchase shares of Common Stock, the right of the Company to require that shares of Common Stock be transferred in the event of certain transactions, tag-along rights, bring-along rights, redemption and co-sale rights and voting requirements in accordance with Section 10(o) of the Plan.

(f) *Governing Law.* The provisions of the Plan and all Awards made thereunder, including the Option, shall be governed by and interpreted in accordance with the laws of the State of Delaware, disregarding choice-of-law principles of the law of any state that would require the application of the laws of a jurisdiction other than such state.

(g) *Titles and Headings.* The titles and headings of the Sections in this Agreement are for convenience of reference only and, in the event of any conflict, the text of this Agreement, rather than such titles or headings, shall control.

EXHIBIT B

TO STOCK OPTION GRANT NOTICE

FORM OF EXERCISE NOTICE

Effective as of today, \_\_\_\_\_, \_\_\_\_\_, the undersigned ("**Participant**") hereby elects to exercise Participant's option to purchase \_\_\_\_\_ Shares of Gossamer Bio, Inc. (the "**Company**") under and pursuant to the Gossamer Bio, Inc. 2017 Equity Incentive Plan (the "**Plan**") and the Stock Option Grant Notice and Stock Option Agreement dated \_\_\_\_\_, \_\_\_\_ (the "**Agreement**"). Capitalized terms used herein without definition shall have the meanings given in the Agreement.

**Grant Date:** \_\_\_\_\_

**Number of Shares as to which Option is Exercised:** \_\_\_\_\_

**Exercise Price per Share:** \$ \_\_\_\_\_

**Total Exercise Price:** \$ \_\_\_\_\_

**Certificate to be issued in name of:** \_\_\_\_\_

**Cash Payment delivered herewith:** \$ \_\_\_\_\_ (Representing the full Exercise Price for the Shares, as well as any applicable withholding tax)

**Type of Option:**  Incentive Stock Option     Non-Qualified Stock Option

1. **Representations of Participant.** Participant acknowledges that Participant has received, read and understood the Plan and the Agreement. Participant agrees to abide by and be bound by their terms and conditions.

2. **Tax Consultation.** Participant understands that Participant may suffer adverse tax consequences as a result of Participant's purchase or disposition of the Shares. Participant represents that Participant has consulted with any tax consultants Participant deems advisable in connection with the purchase or disposition of the Shares and that Participant is not relying on the Company for any tax advice. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. Participant understands that Participant (and not the Company) shall be responsible for Participant's tax liability that may arise as a result of this investment or the transactions contemplated by this Agreement.

3. **Participant Representations.** Participant hereby makes the following certifications and representations with respect to the Shares listed above:

(a) Participant is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Shares. Participant is acquiring these Shares for investment for Participant's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act.

(b) Participant acknowledges and understands that the Shares constitute "restricted securities" under the Securities Act and have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature

of Participant's investment intent as expressed herein. Participant understands that the Shares must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. Participant further acknowledges and understands that the Company is under no obligation to register the Shares. Participant understands that the certificate evidencing the Shares will be imprinted with a legend which prohibits the transfer of the Shares unless they are registered or such registration is not required in the opinion of counsel satisfactory to the Company and any other legend required under Applicable Laws.

(c) Participant is familiar with the provisions of Rule 701 and Rule 144, each promulgated under the Securities Act, which, in substance, permit limited public resale of "restricted securities" acquired, directly or indirectly from the issuer thereof, in a non-public offering subject to the satisfaction of certain conditions. In the event the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, ninety days thereafter (or such longer period as any market stand-off agreement may require) the securities exempt under Rule 701 may be resold, subject to the satisfaction of certain of the conditions specified by Rule 144.

(d) In the event that the Company does not qualify under Rule 701 at the time of grant of the Option, then the securities may be resold in certain limited circumstances subject to the provisions of Rule 144.

(e) Participant further understands that in the event all of the applicable requirements of Rule 701 or 144 are not satisfied, registration under the Securities Act, compliance with Regulation A, or some other registration exemption will be required; and that, notwithstanding the fact that Rules 144 and 701 are not exclusive, the Staff of the Securities and Exchange Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rules 144 or 701 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk. Participant understands that no assurances can be given that any such other registration exemption will be available in such event.

4. **Further Instruments.** Participant hereby agrees to execute such further instruments and to take such further action as the Company requests to carry out the purposes and intent of this Agreement and the Plan, including, without limitation, restrictions on the transferability of shares of Common Stock, the right of the Company to repurchase shares of Common Stock, the right of the Company to require that shares of Common Stock be transferred in the event of certain transactions, tag-along rights, bring-along rights, redemption and co-sale rights and voting requirements in accordance with Section 10(o) of the Plan.

5. **Notices.** Any notice required or permitted hereunder shall be given in accordance with the provisions set forth in Section 8(b) of the Agreement.

6. **Entire Agreement.** The Plan and Agreement are incorporated herein by reference. This Notice, the Plan and the Agreement constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

**ACCEPTED BY:  
GOSSAMER BIO, INC.**

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**SUBMITTED BY  
PARTICIPANT:**

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_

GOSSAMER BIO, INC.

2017 EQUITY INCENTIVE PLAN

RESTRICTED STOCK GRANT NOTICE AND RESTRICTED STOCK AGREEMENT

Gossamer Bio, Inc. (the "Company"), pursuant to its 2017 Equity Incentive Plan (the "Plan"), hereby grants to Participant the number of shares of the Company's Common Stock (referred to herein as "Shares") set forth below. This Restricted Stock award (this "Award") is subject to all of the terms and conditions as set forth herein and in the Restricted Stock Agreement attached hereto as Exhibit A (the "Agreement") and the Plan, each of which is incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Restricted Stock Grant Notice ("Grant Notice") and the Agreement.

Participant: [Insert Participant Name]

Grant Date: [Insert Grant Date]

Vesting Commencement Date: [Insert Vesting Commencement Date]

Total Number of Shares of Restricted Stock: [Insert Number of Shares]

Vesting Schedule: The Shares shall vest and be released from the "Forfeiture Restriction" (as defined in Section 2(a) of the Agreement) as follows:

25% of the Shares shall vest and be released from the Forfeiture Restriction on the first anniversary of the Vesting Commencement Date, and 1/48th of the Shares shall vest and be released from the Forfeiture Restriction on the last day of each one-month period of Participant's service as a Service Provider thereafter, so that all of the Shares shall be vested and released from the Forfeiture Restriction on the 4th anniversary of the Vesting Commencement Date.

By his or her signature and the Company's signature below, Participant agrees to be bound by the terms and conditions of the Plan, the Agreement and this Grant Notice. Participant has reviewed the Agreement, the Plan and this Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of this Grant Notice, the Agreement and the Plan. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator of the Plan upon any questions arising under the Plan or the Agreement. Participant shall also execute and deliver to the Company the stock assignment duly endorsed in blank, attached to this Grant Notice as Exhibit B (the "Stock Assignment"). If Participant is married, his or her spouse has signed the Consent of Spouse attached to this Grant Notice as Exhibit C.

GOSSAMER BIO, INC.

PARTICIPANT

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

State of \_\_\_\_\_

Residence: \_\_\_\_\_

EXHIBIT A

TO RESTRICTED STOCK GRANT NOTICE

RESTRICTED STOCK AGREEMENT

Pursuant to the Grant Notice to which this Agreement is attached, the Company has granted to Participant the number of Shares indicated in the Grant Notice.

1. **Grant of Restricted Stock.**

(a) *Grant of Restricted Stock.* In consideration of Participant's past and/or continued employment with or service to the Company or a parent or subsidiary of the Company and for other good and valuable consideration, which the Administrator has determined exceeds the par value per Share, effective as of the Grant Date set forth in the Grant Notice, the Company irrevocably grants to Participant the Shares set forth in the Grant Notice, upon the terms and conditions set forth in the Plan and this Agreement.

(b) *Issuance of Shares.* On the Grant Date, the Company shall issue the Shares to Participant and shall (i) cause a share certificate or certificates representing the Shares to be registered in the name of Participant, or (ii) cause such Shares to be held in book entry form. If a share certificate is issued, it shall be delivered to and held in custody by the Company and shall bear the restrictive legends required by Section 4(a) below. If the Shares are held in book entry form, then such entry will reflect that the Shares are subject to the restrictions of this Agreement.

(c) *Rights as a Stockholder.* Except as otherwise provided herein, upon issuance of the Shares by the Company to Participant (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), Participant shall have all the rights of a stockholder with respect to said Shares, including the right to receive any cash or stock dividends or other distributions paid to or made with respect to the Shares, subject to the restrictions described in the following sentence, which restrictions shall lapse when the Unreleased Shares are released from the Forfeiture Restriction as set forth in Section 2. Unless otherwise provided by the Administrator, if any dividends or distributions are paid in cash or shares, or consist of a dividend or distribution to holders of Common Stock of property, the cash, shares or other property paid or made with respect to Unreleased Shares will be retained in custody by the Company (without interest) (the "**Retained Distributions**") and subject to the same forfeiture and transferability restrictions as the Unreleased Shares with respect to which they were paid or made and shall automatically be forfeited to the Company for no consideration in the event of the forfeiture of the Unreleased Shares with respect to which they were paid pursuant to the Forfeiture Restriction. Any Retained Distributions held by the Company that were paid on those Unreleased Shares as to which the Forfeiture Restriction and transfer restrictions lapse or are removed shall also be released to Participant at the time of such lapse or removal. In no event shall a Retained Distribution be paid with respect to Unreleased Shares later than the end of the calendar year in which the corresponding dividends or distributions are paid to holders of Common Stock or, if later, the 15th day of the third month following the later of (a) the date the dividends or distributions are paid to holders of Common Stock and (b) the date the Unreleased Shares with respect to which the Retained Distributions are paid vest. Participant shall enjoy rights as a stockholder until such time as Participant disposes of the Shares or the Company and/or its assignee(s) exercises the Right of First Refusal under the Plan. Upon such exercise, Participant shall have no further rights as a holder of the Shares except the right to receive payment for the Shares so purchased in accordance with the provisions of the Plan and this Agreement, and Participant shall forthwith cause the certificate(s), if any issued, evidencing the Shares so purchased to be surrendered to the Company for transfer or cancellation.

## 2. **Restrictions on Shares.**

(a) *Forfeiture Restriction.* Subject to the provisions of Section 2(b) below, in the event of Participant's Termination of Service for any reason, all of the Shares which, from time to time, have not yet been released from the Forfeiture Restriction (together with and any Retained Distributions paid thereon pursuant to Section 1(c) and held by the Company, the "**Unreleased Shares**") shall thereupon be forfeited immediately and without any further action by the Company (the "**Forfeiture Restriction**"). Upon the occurrence of such forfeiture, the Company shall become the legal and beneficial owner of the Unreleased Shares, and all rights and interests therein or relating thereto, and the Company shall have the right to retain and transfer to its own name the number of Unreleased Shares being forfeited by Participant. The Unreleased Shares shall be held by the Company in accordance with Section 3 until the Shares are forfeited as provided in this Section 2(a), until such Unreleased Shares are fully released from the Forfeiture Restriction, or until such time as this Agreement no longer is in effect. Participant hereby authorizes and directs the Secretary of the Company, or such other person designated by the Administrator, to transfer the Unreleased Shares which have been forfeited pursuant to this Section 2(a) from Participant to the Company.

(b) *Release of Shares from Forfeiture Restriction.* The Shares shall be released from the Forfeiture Restriction in accordance with the vesting schedule set forth in the Grant Notice. As soon as administratively practicable following the release of any Shares from the Forfeiture Restriction, the Company shall, as applicable, either deliver to Participant the certificate or certificates representing such Shares in the Company's possession belonging to Participant, or, if the Shares are held in book entry form, then the Company shall remove the notations on the book form. Participant (or the beneficiary or personal representative of Participant in the event of Participant's death or incapacity, as the case may be) shall deliver to the Company any representations or other documents or assurances as the Company or its representatives deem necessary or advisable in connection with any such delivery.

(c) *Transferability.* Except as otherwise permitted by the Administrator, the Unreleased Shares shall not be sold, assigned, transferred, pledged or otherwise encumbered by Participant, either voluntarily or by operation of law, except by will or the laws of descent and distribution.

3. *Escrow.* To insure the availability for delivery of the Unreleased Shares in the event of the application of the Forfeiture Restriction, Participant appoints the Secretary of the Company, or such other person designated by the Administrator from time to time as escrow agent, as its attorney-in-fact to sell, assign and transfer unto the Company, such Unreleased Shares, if any, forfeited pursuant to the Forfeiture Restriction, together with any Retained Distributions paid thereon pursuant to Section 1(c) and held by the Company, and shall deliver and deposit with the Secretary of the Company, or such other person designated by the Administrator from time to time, the share certificate(s) representing the Shares, together with the Stock Assignment. The Unreleased Shares and Stock Assignment (and any Retained Distributions) shall be held by the Secretary, or such other person designated by the Administrator from time to time, in escrow, until the Shares are forfeited as provided in Section 2(a), until such Shares are fully released from the Forfeiture Restriction or until such time as this Agreement no longer is in effect. Upon release of the Unreleased Shares from the Forfeiture Restriction, the escrow agent shall as soon as reasonably practicable deliver to Participant the certificate or certificates representing such Shares in the escrow agent's possession belonging to Participant, and the escrow agent shall be discharged of all further obligations hereunder. The Company, or its designee, shall not be liable for any act it may do or omit to do with respect to holding the Shares (or any Retained Distributions) in escrow and while acting in good faith and in the exercise of its judgment.

## 4. **Restrictive Legends and Stop-Transfer Orders.**

(a) *Legends.* Participant understands and agrees that the Company shall cause any certificates issued evidencing the Shares to have the legends set forth below or legends substantially equivalent thereto, together with any other legends that may be required by Applicable Laws:

THE SHARES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (“ACT”), NOR HAVE THEY BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE. NO TRANSFER OF SUCH SECURITIES WILL BE PERMITTED UNLESS A REGISTRATION STATEMENT UNDER THE ACT IS IN EFFECT AS TO SUCH TRANSFER, THE TRANSFER IS MADE IN ACCORDANCE WITH RULE 144 UNDER THE ACT, OR IN THE OPINION OF COUNSEL (WHICH MAY BE COUNSEL FOR THE COMPANY) REGISTRATION UNDER THE ACT IS UNNECESSARY IN ORDER FOR SUCH TRANSFER TO COMPLY WITH THE ACT AND WITH APPLICABLE STATE SECURITIES LAWS.

THE SHARES REPRESENTED BY THIS CERTIFICATE MAY BE SUBJECT TO FORFEITURE PURSUANT TO, AND MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH, THE TERMS OF AN AGREEMENT BETWEEN THE COMPANY AND THE STOCKHOLDER, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY. SUCH FORFEITURE AND/OR TRANSFER RESTRICTIONS ARE BINDING ON TRANSFEREES OF THESE SHARES.

(b) *Stop Transfer Orders.* Participant agrees that, in order to ensure compliance with the restrictions referred to in the Plan and this Agreement, the Company may issue appropriate “stop transfer” instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

(c) *Impermissible Transfers Void.* The Company shall not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred. Any transfer or attempted transfer of the Shares not in accordance with the terms of this Agreement shall be void.

#### 5. *Taxes.*

(a) *Tax Consequences of Award.* Participant understands that Participant may suffer adverse tax consequences as a result of Participant’s receipt of, vesting in or disposition of the Shares. Participant represents that Participant has consulted with any tax consultants Participant deems advisable in connection with the receipt of the Shares and that Participant is not relying on the Company for any tax advice. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. Participant understands that Participant (and not the Company) shall be responsible for Participant’s tax liability that may arise as a result of the transactions contemplated by this Agreement.

(b) *Section 83(b) Election for Unreleased Shares.* Participant acknowledges that, unless an election is filed by Participant with the Internal Revenue Service and, if necessary, the proper



state taxing authorities, within thirty days of the receipt of the Unreleased Shares, electing pursuant to Section 83(b) of the Code (and similar state tax provisions if applicable) to be taxed currently on their Fair Market Value on the date of issuance, there will be a recognition of taxable income to the Participant equal to the Fair Market Value of the Unreleased Shares at the time the Forfeiture Restriction lapses. Participant represents that Participant has consulted any tax consultant(s) Participant deems advisable in connection with the purchase of the Shares or the filing of the election under Section 83(b) of the Code and similar tax provisions.

PARTICIPANT ACKNOWLEDGES THAT IT IS PARTICIPANT'S SOLE RESPONSIBILITY AND NOT THE COMPANY'S TO TIMELY FILE THE ELECTION UNDER SECTION 83(B) OF THE CODE, AND THE COMPANY AND ITS REPRESENTATIVES SHALL HAVE NO OBLIGATION OR AUTHORITY TO MAKE THIS FILING ON PARTICIPANT'S BEHALF.

(b) *Tax Withholding.* The Company shall have the authority and the right to deduct or withhold, or require Participant to remit to the Company, an amount sufficient to satisfy federal, state, local and foreign taxes (including Participant's employment tax obligation) required by Applicable Law to be withheld with respect to any taxable event concerning Participant arising as a result of the grant or vesting of the Shares or otherwise under this Agreement, including, without limitation, the authority to deduct such amounts from other compensation payable to Participant by the Company.

6. **Participant Representations.** Participant hereby makes the following certifications and representations with respect to the Shares listed above:

(a) Participant is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Shares. Participant is acquiring these Shares for investment for Participant's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act.

(b) Participant acknowledges and understands that the Shares constitute "restricted securities" under the Securities Act and have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Participant's investment intent as expressed herein. Participant understands that the Shares must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. Participant further acknowledges and understands that the Company is under no obligation to register the Shares. Participant understands that the certificate evidencing the Shares will be imprinted with a legend which prohibits the transfer of the Shares unless they are registered or such registration is not required in the opinion of counsel satisfactory to the Company and any other legend required under Applicable Laws.

(c) Participant is familiar with the provisions of Rule 701 and Rule 144, each promulgated under the Securities Act, which, in substance, permit limited public resale of "restricted securities" acquired, directly or indirectly from the issuer thereof, in a non-public offering subject to the satisfaction of certain conditions. In the event the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, ninety days thereafter (or such longer period as any market stand-off agreement may require) the securities exempt under Rule 701 may be resold, subject to the satisfaction of certain of the conditions specified by Rule 144.

(d) In the event that the Company does not qualify under Rule 701 at the time of issuance of the Shares, then the securities may be resold in certain limited circumstances subject to the provisions of Rule 144.

(e) Participant further understands that in the event all of the applicable requirements of Rule 701 or 144 are not satisfied, registration under the Securities Act, compliance with Regulation A, or some other registration exemption will be required; and that, notwithstanding the fact that Rules 144 and 701 are not exclusive, the Staff of the Securities and Exchange Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rules 144 or 701 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk. Participant understands that no assurances can be given that any such other registration exemption will be available in such event.

## 7. *Miscellaneous.*

(a) *No Right To Employment or Other Status.* No person shall have any claim or right to be granted an Award, and the grant of an Award shall not be construed as giving Participant the right to continued employment or any other relationship with the Company. The Company expressly reserves the right at any time to dismiss or otherwise terminate its relationship with Participant free from any liability or claim under the Plan or this Agreement.

(b) *Notices.* Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of the Secretary of the Company at the Company's principal executive offices, and any notice to be given to Participant shall be addressed to Participant at the most-recent physical or email address for Participant listed in the Company's personnel records. By a notice given pursuant to this Section 7(b), either party may hereafter designate a different address for notices to be given to that party. Any notice shall be deemed duly given when sent via email or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

(c) *Successors and Assigns.* The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Agreement shall be binding upon Participant and his or her heirs, executors, administrators, successors and assigns.

(d) *Severability.* In the event any portion of the Plan or this Agreement or any action taken pursuant hereto shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan and this Agreement, and the Plan and this Agreement shall be construed and enforced as if the illegal or invalid provisions had not been included, and the illegal or invalid action shall be null and void.

(e) *Entire Agreement; Governing Documents.* The Plan, the Grant Notice and this Agreement (including all Exhibits thereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof. In the event of any contradiction between the Plan and this Agreement or any other written agreement between a Participant and the Company that has been approved by the Administrator, the terms of the Plan shall govern. Participant hereby agrees to execute such further instruments and to take such further action as the Company requests to carry out the purposes and intent of this Agreement and the Plan, including, without limitation, restrictions on the transferability of shares of Common Stock, the right of the Company to repurchase shares of Common Stock, the right of the Company to require that

shares of Common Stock be transferred in the event of certain transactions, tag-along rights, bring-along rights, redemption and co-sale rights and voting requirements in accordance with Section 10(o) of the Plan.

(f) *Governing Law.* The provisions of the Plan and all Awards made thereunder, including the Shares, shall be governed by and interpreted in accordance with the laws of the State of Delaware, disregarding choice-of-law principles of the law of any state that would require the application of the laws of a jurisdiction other than such state.

(g) *Titles and Headings.* The titles and headings of the Sections in this Agreement are for convenience of reference only and, in the event of any conflict, the text of this Agreement, rather than such titles or headings, shall control.

**EXHIBIT B**

**TO RESTRICTED STOCK GRANT NOTICE**

**STOCK ASSIGNMENT**

[See instructions below]

FOR VALUE RECEIVED I, \_\_\_\_\_, hereby sell, assign and transfer unto \_\_\_\_\_ the shares of the Common Stock of Gossamer Bio, Inc. registered in my name on the books of said corporation represented by Certificate No. \_\_\_\_\_ and do hereby irrevocably constitute and appoint \_\_\_\_\_ to transfer the said stock on the books of the within named corporation with full power of substitution in the premises.

This Assignment Separate from Certificate may be used only in accordance with the Restricted Stock Grant Notice and Restricted Stock Agreement between Gossamer Bio, Inc. and the undersigned dated \_\_\_\_\_.

Dated: \_\_\_\_\_, \_\_\_\_\_

Signature: \_\_\_\_\_  
[Name]

**INSTRUCTIONS:** Please do not fill in any blanks other than the signature line. The purpose of this assignment is to enable the Company to enforce the Forfeiture Restriction, as set forth in the Restricted Stock Grant Notice and Restricted Stock Agreement, without requiring additional signatures on the part of Participant.

**EXHIBIT C**

**TO RESTRICTED STOCK GRANT NOTICE**

**CONSENT OF SPOUSE**

I, \_\_\_\_\_, spouse of \_\_\_\_\_, have read and approve the foregoing Restricted Stock Grant Notice and Restricted Stock Agreement dated \_\_\_\_\_, \_\_\_\_\_, between my spouse and Gossamer Bio, Inc. In consideration of issuing to my spouse the shares of the Common Stock of Gossamer Bio, Inc. set forth in the Restricted Stock Grant Notice and Restricted Stock Agreement, I hereby appoint my spouse as my attorney-in-fact in respect to the exercise of any rights under the Restricted Stock Grant Notice and Restricted Stock Agreement and agree to be bound by the provisions of the Restricted Stock Grant Notice and Restricted Stock Agreement insofar as I may have any rights in said Agreement or any shares issued pursuant thereto under the community property laws or similar laws relating to marital property in effect in the state of our residence as of the date of the signing of the Restricted Stock Grant Notice and Restricted Stock Agreement.

Dated: \_\_\_\_\_, \_\_\_\_\_

Signature of Spouse: \_\_\_\_\_

## FORM OF 83(B) ELECTION AND INSTRUCTIONS

These instructions are provided to assist you if you choose to make an election under Section 83(b) of the Internal Revenue Code, as amended, with respect to the shares of common stock of Gossamer Bio, Inc. transferred to you. **Please consult with your personal tax advisor as to whether an election of this nature will be in your best interests in light of your personal tax situation.**

The executed original of the Section 83(b) election must be filed with the Internal Revenue Service not later than 30 days after the date the shares were transferred to you. **There is no remedy for failure to file on time.** The steps outlined below should be followed to ensure the election is mailed and filed correctly and in a timely manner. **If you make the Section 83(b) election, the election is irrevocable.**

Complete the Section 83(b) election form (attached as [Attachment 1](#)) and make four (4) copies of the signed election form. Your spouse, if any, should sign the Section 83(b) election form as well.

Prepare the cover letter to the Internal Revenue Service (sample letter attached as [Attachment 2](#)).

Send the cover letter with the originally executed Section 83(b) election form and one (1) copy via certified mail, return receipt requested to the Internal Revenue Service at the address of the Internal Revenue Service where you file your personal tax returns. We suggest that you have the package date-stamped at the post office. The post office will provide you with a certified receipt that includes a dated postmark. Enclose a self-addressed, stamped envelope so that the Internal Revenue Service may return a date-stamped copy to you. However, your postmarked receipt is your proof of having timely filed the Section 83(b) election if you do not receive confirmation from the Internal Revenue Service.

One (1) copy must be sent to Gossamer Bio, Inc. for its records.

Retain the Internal Revenue Service file stamped copy (when returned) for your records.

Please consult your personal tax advisor for the address of the office of the Internal Revenue Service to which you should mail your election form.

ATTACHMENT 1

ELECTION UNDER INTERNAL REVENUE CODE SECTION 83(B)

The undersigned taxpayer hereby elects, pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended, to include in taxpayer's gross income for the current taxable year the amount of any compensation taxable to taxpayer in connection with taxpayer's receipt of shares (the "Shares") of Common Stock of Gossamer Bio, Inc., a Delaware corporation (the "Company").

The name, address and taxpayer identification number of the undersigned taxpayer are:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

SSN: \_\_\_\_\_

The name, address and taxpayer identification number of the Taxpayer's spouse are (complete if applicable):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

SSN: \_\_\_\_\_

Description of the property with respect to which the election is being made:

\_\_\_\_\_ (\_\_\_\_\_) shares of Common Stock of the Company.

The date on which the property was transferred was \_\_\_\_\_. The taxable year to which this election relates is calendar year \_\_\_\_\_.

Nature of restrictions to which the property is subject:

The Shares are subject to forfeiture upon the occurrence of certain events. This forfeiture restriction lapses based upon the continued performance of services by the taxpayer over time.

The fair market value at the time of transfer (determined without regard to any lapse restrictions, as defined in Treasury Regulation Section 1.83-3(i)) of the Shares was \$\_\_\_\_\_ per Share.

The amount paid by the taxpayer for the Shares was \$0.00 per share.

A copy of this statement has been furnished to the Company.

Dated: \_\_\_\_\_, \_\_\_\_\_

Taxpayer Signature \_\_\_\_\_

## GOSSAMER BIO, INC.

**RESTRICTED STOCK GRANT NOTICE AND  
RESTRICTED STOCK AGREEMENT**

Gossamer Bio, Inc. (the “*Company*”) hereby grants to Recipient the number of shares of the Company’s Common Stock (referred to herein as “*Shares*”) set forth below. This Restricted Stock award (this “*Award*”) is subject to all of the terms and conditions as set forth herein and in the Restricted Stock Agreement attached hereto as Exhibit A (the “*Agreement*”), which is incorporated herein by reference. This Award is made and granted as a stand-alone award and is not granted under or pursuant to the Company’s 2017 Equity Incentive Plan (as the same may be amended from time to time, the “*Plan*”). However, for convenience purposes, unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Restricted Stock Grant Notice (“*Grant Notice*”) and the Agreement.

**Recipient:**

**Grant Date:**

**Total Number of Shares of Restricted Stock:**

**Vesting Schedule:**

50% of the Shares shall be vested and not subject to the Forfeiture Restriction (as defined in Section 2(a) of the Agreement) on the Grant Date, 20% of the Shares shall vest and be released from the Forfeiture Restriction on January 4, 2019, and the remaining 30% of the Shares shall vest and be released from the Forfeiture Restriction in forty-eight equal monthly installments thereafter on the last day of each one-month period of Recipient’s service as a full-time employee of the Company thereafter, so that all of the Shares shall be vested and released from the Forfeiture Restriction on January 4, 2023.

In addition, in the event of Recipient’s termination of employment by the Company (or any of its subsidiaries or affiliates, as applicable, or any of their respective successors or assigns) without Cause (as defined below) (excluding by reason of Recipient’s death or Disability (as defined below)) or by Recipient for Good Reason (as defined below), in each case prior to a Change in Control, such number of the Shares shall be vested and no longer subject to the Forfeiture Restriction as would have vested pursuant to the vesting schedule set forth above over the twelve months following the date of termination had Recipient remained employed through such period, with such vesting effective as of the date of such termination.

In addition, in the event of Recipient’s termination of employment by the Company (or any of its subsidiaries or affiliates, as applicable, or any of their respective successors or assigns) without Cause (excluding by reason of Recipient’s death or Disability) or by Recipient for Good Reason, in each case within twelve months following a Change in Control, then all of the Shares shall be vested and no longer subject to the Forfeiture Restriction effective as of the date of such termination.

In addition, in the event of Recipient’s termination of employment by reason of his or her death or Disability, then such number of the Shares shall be vested and no longer subject to the Forfeiture Restriction as is equal to the greater of (a) 50% of the number of Shares then subject to the Forfeiture Restriction, or (b) such number of Shares as would have vested and released from the Forfeiture Restriction pursuant to the vesting schedule set forth above over the twelve months following the date of termination had Recipient remained employed through such period, with such vesting effective as of the date of such termination.



For purposes of this Grant Notice, the terms “Cause,” “Good Reason,” “Disability” and “Change in Control” shall have the meanings given to such terms in that certain offer letter dated January 4, 2018, between the Company and Recipient (the “Offer Letter”).

All of the foregoing vesting acceleration shall be subject to Recipient’s (or his or her legal representatives) execution of a general release of all known and unknown claims and covenant not to sue in the form attached to the Offer Letter and the lapse of any revocation period thereunder without exercise by Recipient (or his or her legal representatives) of such revocation right.

By his or her signature and the Company’s signature below, Recipient agrees to be bound by the terms and conditions of the Agreement and this Grant Notice. Recipient has reviewed the Agreement and this Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of this Grant Notice and the Agreement. Recipient hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Board upon any questions arising under the Agreement. Recipient shall also execute and deliver to the Company the stock assignment duly endorsed in blank, attached to this Grant Notice as Exhibit B (the “Stock Assignment”). If Recipient is married, his or her spouse has signed the Consent of Spouse attached to this Grant Notice as Exhibit C.

**GOSSAMER BIO, INC.**

**RECIPIENT**

By: \_\_\_\_\_  
Print  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Print  
Name: \_\_\_\_\_  
State of  
Residence: \_\_\_\_\_

EXHIBIT A

TO RESTRICTED STOCK GRANT NOTICE

RESTRICTED STOCK AGREEMENT

Pursuant to the Grant Notice to which this Agreement is attached, the Company has granted to Recipient the number of Shares indicated in the Grant Notice.

This Award is made and granted as a stand-alone award, separate and apart from, and outside of, the Plan, and shall not constitute an award granted under or pursuant to the Plan. Notwithstanding the foregoing, the terms, conditions and definitions set forth in the Plan shall apply to the Award (including but not limited to the adjustment provisions contained in Section 8 of the Plan), and the Award shall be subject to such terms, conditions and definitions, which are hereby incorporated into this Agreement by reference. For the avoidance of doubt, the Award shall not be counted for purposes of calculating the aggregate number of Shares that may be issued or transferred pursuant to Awards under the Plan as set forth in Section 4(a) of the Plan. In the event of any inconsistency between the Plan and this Agreement, the terms of this Agreement shall control.

1. *Grant of Restricted Stock.*

(a) *Grant of Restricted Stock.* In consideration of Recipient's past and/or continued employment with or service to the Company or a parent or subsidiary of the Company and for other good and valuable consideration, which the Board has determined exceeds the par value per Share, effective as of the Grant Date set forth in the Grant Notice, the Company irrevocably grants to Recipient the Shares set forth in the Grant Notice, upon the terms and conditions set forth in the this Agreement.

(b) *Issuance of Shares.* On the Grant Date, the Company shall issue the Shares to Recipient and shall (i) cause a share certificate or certificates representing the Shares to be registered in the name of Recipient, or (ii) cause such Shares to be held in book entry form. If a share certificate is issued, it shall be delivered to and held in custody by the Company and shall bear the restrictive legends required by Section 4(a) below. If the Shares are held in book entry form, then such entry will reflect that the Shares are subject to the restrictions of this Agreement.

(c) *Rights as a Stockholder.* Except as otherwise provided herein, upon issuance of the Shares by the Company to Recipient (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), Recipient shall have all the rights of a stockholder with respect to said Shares, including the right to receive any cash or stock dividends or other distributions paid to or made with respect to the Shares, subject to the restrictions described in the following sentence, which restrictions shall lapse when the Unreleased Shares are released from the Forfeiture Restriction as set forth in Section 2. Unless otherwise provided by the Board, if any dividends or distributions are paid in cash or shares, or consist of a dividend or distribution to holders of Common Stock of property, the cash, shares or other property paid or made with respect to Unreleased Shares will be retained in custody by the Company (without interest) (the "**Retained Distributions**") and subject to the same forfeiture and transferability restrictions as the Unreleased Shares with respect to which they were paid or made and shall automatically be forfeited to the Company for no consideration in the event of the forfeiture of the Unreleased Shares with respect to which they were paid pursuant to the Forfeiture Restriction. Any Retained Distributions held by the Company that were paid on those Unreleased Shares as to which the Forfeiture Restriction and transfer restrictions lapse or are removed shall also be released to Recipient at the time of such lapse or removal. In no event shall a Retained Distribution be paid with respect to Unreleased Shares later than the end of the calendar year in which the corresponding dividends

or distributions are paid to holders of Common Stock or, if later, the 15th day of the third month following the later of (i) the date the dividends or distributions are paid to holders of Common Stock and (ii) the date the Unreleased Shares with respect to which the Retained Distributions are paid vest. Recipient shall enjoy rights as a stockholder until such time as Recipient disposes of the Shares or the Company and/or its assignee(s) exercises the Right of First Refusal under the Plan. Upon such exercise, Recipient shall have no further rights as a holder of the Shares except the right to receive payment for the Shares so purchased in accordance with the provisions of this Agreement, and Recipient shall forthwith cause the certificate(s), if any issued, evidencing the Shares so purchased to be surrendered to the Company for transfer or cancellation.

## 2. *Restrictions on Shares.*

(a) *Forfeiture Restriction.* Subject to the provisions of Section 2(b) below, in the event of Recipient's Termination of Service for any reason, all of the Shares which, from time to time, have not yet been released from the Forfeiture Restriction shall thereupon be forfeited immediately and without any further action by the Company (the "**Forfeiture Restriction**"). Upon the occurrence of such forfeiture, the Company shall become the legal and beneficial owner of the Unreleased Shares (as defined below) so forfeited, and all rights and interests therein or relating thereto, and the Company shall have the right to retain and transfer to its own name the number of Unreleased Shares being forfeited by Recipient.

(b) *Release of Shares from Restriction.* Any Shares that have not yet been released from the Forfeiture Restriction, together with any Retained Distributions paid thereon pursuant to Section 1(c) and held by the Company, are referred to herein as the "**Unreleased Shares.**" The Unreleased Shares shall be released from the Forfeiture Restriction in accordance with the vesting schedules set forth in the Grant Notice. The Unreleased Shares shall be held by the Company in accordance with Section 3 until the Shares are forfeited as provided in Section 2(a), until such Unreleased Shares are fully released from the Forfeiture Restriction, or until such time as this Agreement no longer is in effect. Recipient hereby authorizes and directs the Secretary of the Company, or such other person designated by the Board, to transfer the Unreleased Shares which have been forfeited pursuant to Section 2(a) from Recipient to the Company. As soon as administratively practicable following the release of any Unreleased Shares from the Forfeiture Restriction, the Company shall, as applicable, either deliver to Recipient the certificate or certificates representing such Shares in the Company's possession belonging to Recipient, or, if the Shares are held in book entry form, then the Company shall remove the notations on the book form. Recipient (or the beneficiary or personal representative of Recipient in the event of Recipient's death or incapacity, as the case may be) shall deliver to the Company any representations or other documents or assurances as the Company or its representatives deem necessary or advisable in connection with any such delivery.

(d) *Transferability.* Except as otherwise permitted by the Board, the Unreleased Shares shall not be sold, assigned, transferred, pledged or otherwise encumbered by Recipient, either voluntarily or by operation of law, except by will or the laws of descent and distribution; provided, however, that, notwithstanding the foregoing, the Board hereby agrees that the Unreleased Shares may be transferred by Recipient to a "Permitted Transferee, provided that any Permitted Transferee agrees to be bound by the provisions of this Agreement and the Shares remain subject to any applicable restrictions set forth in this Agreement. For purposes of this Agreement, "**Permitted Transferee**" will mean, with respect to Recipient, any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing Recipient's household (other than a tenant or employee), a trust in which these persons (or the holder) control the management of assets, and any other entity in which these persons (or the holder) own more than fifty percent of the voting interests, or to a custodian, trustee or other fiduciary for the account of Recipient or any of the foregoing persons in

connection with a bona fide estate planning transaction, or any other transferee specifically approved by the Board.

(e) *Right of First Refusal.* Recipient acknowledges that the Shares are subject to a Right of First Refusal pursuant to the Company's Bylaws, a copy of which is available from the Secretary of the Company, and shall further be subject to the Right of First Refusal set forth in the Plan as if such provision were fully set forth herein.

(f) *Market Stand-Off Agreement.* Recipient hereby agrees, if so requested by the managing underwriters or the Company in connection with the initial public offering of the Company's Common Stock, that, without the prior written consent of such managing underwriters, Recipient will not offer, sell, contract to sell, grant any option to purchase, make any short sale or otherwise dispose of, assign any legal or beneficial interest in or make a distribution of any capital stock of the Company held by or on behalf of Recipient or beneficially owned by Recipient in accordance with the rules and regulations of the Securities and Exchange Commission for a period of up to 180 days after the date of the final prospectus relating to the Company's initial public offering (or such other period as may be reasonably requested by the underwriters to accommodate regulatory restrictions on (i) the publication or other distribution of research reports and (ii) analyst recommendations and opinions, including, but not limited to, the restrictions contained in Financial Industry Regulatory Authority (FINRA) Rule 2711(f)(4) or NYSE Rule 472(f)(4), or any successor provisions or amendments thereto).

(g) *Restrictions on Shares; Claw-Back Provisions.* The Shares shall be subject to the provisions of Section 10(o) of the Plan as if such provision were fully set forth herein. Recipient hereby agrees to execute such further instruments and to take such further action as the Company requests to carry out the purposes and intent of such section, including, without limitation, restrictions on the transferability of shares of Common Stock, the right of the Company to repurchase shares of Common Stock, the right of the Company to require that shares of Common Stock be transferred in the event of certain transactions, tag-along rights, bring-along rights, redemption and co-sale rights and voting requirements in accordance with such section.

3. *Escrow.* To insure the availability for delivery of the Unreleased Shares in the event of the application of the Forfeiture Restriction, Recipient appoints the Secretary of the Company, or such other person designated by the Board from time to time as escrow agent, as its attorney-in-fact to sell, assign and transfer unto the Company, such Unreleased Shares, if any, forfeited pursuant to the Forfeiture Restriction, together with any Retained Distributions paid thereon pursuant to Section 1(c) and held by the Company, and shall deliver and deposit with the Secretary of the Company, or such other person designated by the Board from time to time, the share certificate(s) representing the Shares, together with the Stock Assignment. The Unreleased Shares and Stock Assignment (and any Retained Distributions) shall be held by the Secretary, or such other person designated by the Board from time to time, in escrow, until the Unreleased Shares are forfeited as provided in Section 2, until such Unreleased Shares are fully released from both the Forfeiture Restriction, or until such time as this Agreement no longer is in effect. Upon release of the Unreleased Shares from both the Forfeiture Restriction, the escrow agent shall as soon as reasonably practicable deliver to Recipient the certificate or certificates representing such Shares in the escrow agent's possession belonging to Recipient, and the escrow agent shall be discharged of all further obligations hereunder. The Company, or its designee, shall not be liable for any act it may do or omit to do with respect to holding the Unreleased Shares (or any Retained Distributions) in escrow and while acting in good faith and in the exercise of its judgment.

4. *Restrictive Legends and Stop-Transfer Orders.*

(a) *Legends.* Recipient understands and agrees that the Company shall cause any certificates issued evidencing the Shares to have the legends set forth below or legends substantially equivalent thereto, together with any other legends that may be required by Applicable Laws:

THE SHARES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED ("ACT"), NOR HAVE THEY BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE. NO TRANSFER OF SUCH SECURITIES WILL BE PERMITTED UNLESS A REGISTRATION STATEMENT UNDER THE ACT IS IN EFFECT AS TO SUCH TRANSFER, THE TRANSFER IS MADE IN ACCORDANCE WITH RULE 144 UNDER THE ACT, OR IN THE OPINION OF COUNSEL (WHICH MAY BE COUNSEL FOR THE COMPANY) REGISTRATION UNDER THE ACT IS UNNECESSARY IN ORDER FOR SUCH TRANSFER TO COMPLY WITH THE ACT AND WITH APPLICABLE STATE SECURITIES LAWS.

THE SHARES REPRESENTED BY THIS CERTIFICATE MAY BE SUBJECT TO FORFEITURE PURSUANT TO, AND MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH, THE TERMS OF AN AGREEMENT BETWEEN THE COMPANY AND THE STOCKHOLDER, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY. SUCH FORFEITURE AND/OR TRANSFER RESTRICTIONS ARE BINDING ON TRANSFEREES OF THESE SHARES.

(b) *Stop Transfer Orders.* Recipient agrees that, in order to ensure compliance with the restrictions referred to in this Agreement, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

(c) *Impermissible Transfers Void.* The Company shall not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred. Any transfer or attempted transfer of the Shares not in accordance with the terms of this Agreement shall be void.

## 5. *Taxes.*

(a) *Tax Consequences of Award.* Recipient understands that Recipient may suffer adverse tax consequences as a result of Recipient's receipt of, vesting in or disposition of the Shares. Recipient represents that Recipient has consulted with any tax consultants or personal advisors Recipient deems advisable in connection with the receipt of the Shares and that Recipient is not relying on the Company for any tax or other advice. Recipient is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. Recipient understands that Recipient (and not the Company) shall be responsible for Recipient's tax liability that may arise as a result of the transactions contemplated by this Agreement.

(b) *Section 83(b) Election for Unreleased Shares.* Recipient acknowledges that, unless an election is filed by Recipient with the Internal Revenue Service and, if necessary, the proper state taxing authorities, within thirty days of the Grant Date, electing pursuant to Section 83(b) of the Code (and

similar state tax provisions if applicable) to be taxed currently on their Fair Market Value on the date of issuance, there will be a recognition of taxable income to Recipient equal to the Fair Market Value of the Unreleased Shares at the time the restrictions thereon lapse. Recipient represents that Recipient has consulted any tax consultants or personal advisors Recipient deems advisable in connection with the filing of the election under Section 83(b) of the Code and similar tax provisions.

RECIPIENT ACKNOWLEDGES THAT IT IS RECIPIENT'S SOLE RESPONSIBILITY AND NOT THE COMPANY'S TO TIMELY FILE THE ELECTION UNDER SECTION 83(B) OF THE CODE, AND THE COMPANY AND ITS REPRESENTATIVES SHALL HAVE NO OBLIGATION OR AUTHORITY TO MAKE THIS FILING ON RECIPIENT'S BEHALF.

(b) *Tax Withholding.* The Company shall have the authority and the right to deduct or withhold, or require Recipient to remit to the Company, an amount sufficient to satisfy federal, state, local and foreign taxes (including Recipient's employment tax obligation) required by Applicable Law to be withheld with respect to any taxable event concerning Recipient arising as a result of the grant or vesting of the Shares or otherwise under this Agreement, including, without limitation, the authority to deduct such amounts from other compensation payable to Recipient by the Company.

6. **Recipient Representations.** Recipient hereby makes the following certifications and representations with respect to the Shares listed above:

(a) Recipient is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Shares. Recipient is acquiring these Shares for investment for Recipient's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act.

(b) Recipient acknowledges and understands that the Shares constitute "restricted securities" under the Securities Act and have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Recipient's investment intent as expressed herein. Recipient understands that the Shares must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. Recipient further acknowledges and understands that the Company is under no obligation to register the Shares. Recipient understands that the certificate evidencing the Shares will be imprinted with a legend which prohibits the transfer of the Shares unless they are registered or such registration is not required in the opinion of counsel satisfactory to the Company and any other legend required under Applicable Laws.

(c) Recipient is familiar with the provisions of Rule 701 and Rule 144, each promulgated under the Securities Act, which, in substance, permit limited public resale of "restricted securities" acquired, directly or indirectly from the issuer thereof, in a non-public offering subject to the satisfaction of certain conditions. In the event the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, ninety days thereafter (or such longer period as any market stand-off agreement may require) the securities exempt under Rule 701 may be resold, subject to the satisfaction of certain of the conditions specified by Rule 144.

(d) In the event that the Company does not qualify under Rule 701 at the time of issuance of the Shares, then the securities may be resold in certain limited circumstances subject to the provisions of Rule 144.

(e) Recipient further understands that in the event all of the applicable requirements of Rule 701 or 144 are not satisfied, registration under the Securities Act, compliance with Regulation A, or some other registration exemption will be required; and that, notwithstanding the fact that Rules 144 and 701 are not exclusive, the Staff of the Securities and Exchange Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rules 144 or 701 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk. Recipient understands that no assurances can be given that any such other registration exemption will be available in such event.

#### 7. *Miscellaneous.*

(a) *No Right To Employment or Other Status.* The grant of this Award shall not be construed as giving a Recipient the right to continued employment or any other relationship with the Company. The Company expressly reserves the right at any time to dismiss or otherwise terminate its relationship with Recipient free from any liability or claim under this Agreement.

(b) *Notices.* Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of the Secretary of the Company at the Company's principal executive offices, and any notice to be given to Recipient shall be addressed to Recipient at the most-recent physical or email address for Recipient listed in the Company's personnel records. By a notice given pursuant to this Section 7(b), either party may hereafter designate a different address for notices to be given to that party. Any notice shall be deemed duly given when sent via email or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

(c) *Successors and Assigns.* The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Agreement shall be binding upon Recipient and his or her heirs, executors, administrators, successors and assigns.

(d) *Severability.* In the event any portion of this Agreement or any action taken pursuant hereto shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of this Agreement, and this Agreement shall be construed and enforced as if the illegal or invalid provisions had not been included, and the illegal or invalid action shall be null and void.

(e) *Entire Agreement; Governing Documents.* The Grant Notice, the Offer Letter and this Agreement (including all Exhibits thereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Recipient with respect to the subject matter hereof. Recipient hereby agrees to execute such further instruments and to take such further action as the Company requests to carry out the purposes and intent of this Agreement, including, without limitation, restrictions on the transferability of shares of Common Stock, the right of the Company to reacquire or repurchase shares of Common Stock, the right of the Company to require that shares of Common Stock be transferred in the event of certain transactions, tag-along rights, bring-along rights, redemption and co-sale rights and voting requirements in accordance with this Agreement.

(f) *Governing Law.* The provisions of this Agreement, including the Shares, shall be governed by and interpreted in accordance with the laws of the State of Delaware, disregarding choice-of-law principles of the law of any state that would require the application of the laws of a jurisdiction other than such state.

(g) *Titles and Headings.* The titles and headings of the Sections in this Agreement are for convenience of reference only and, in the event of any conflict, the text of this Agreement, rather than such titles or headings, shall control.

(h) *California Corporate Securities Law.* THE SALE OF THE SECURITIES WHICH ARE THE SUBJECT OF THIS AGREEMENT HAS NOT BEEN QUALIFIED WITH THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA AND THE ISSUANCE OF SUCH SECURITIES OR THE PAYMENT OR RECEIPT OF ANY PART OF THE CONSIDERATION THEREFORE PRIOR TO SUCH QUALIFICATION IS UNLAWFUL, UNLESS THE SALE OF SECURITIES IS EXEMPT FROM THE QUALIFICATION BY SECTION 25100, 25102, OR 25105 OF THE CALIFORNIA CORPORATIONS CODE. THE RIGHTS OF ALL PARTIES TO THIS AGREEMENT ARE EXPRESSLY CONDITIONED UPON SUCH QUALIFICATION BEING OBTAINED, UNLESS THE SALE IS SO EXEMPT.



**EXHIBIT B**

**TO RESTRICTED STOCK GRANT NOTICE**

**STOCK ASSIGNMENT**

[See instructions below]

FOR VALUE RECEIVED I, \_\_\_\_\_, hereby sell, assign and transfer unto \_\_\_\_\_ the shares of the Common Stock of Gossamer Bio, Inc. registered in my name on the books of said corporation represented by Certificate No. \_\_\_\_\_ and do hereby irrevocably constitute and appoint \_\_\_\_\_ to transfer the said stock on the books of the within named corporation with full power of substitution in the premises.

This Assignment Separate from Certificate may be used only in accordance with the Restricted Stock Grant Notice and Restricted Stock Agreement between Gossamer Bio, Inc. and the undersigned dated \_\_\_\_\_.

Dated: \_\_\_\_\_, \_\_\_\_\_

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

**INSTRUCTIONS:** Please do not fill in any blanks other than the signature line. The purpose of this assignment is to enable the Company to enforce the Forfeiture Restriction, as set forth in the Restricted Stock Grant Notice and Restricted Stock Agreement, without requiring additional signatures on the part of Recipient.

**EXHIBIT C**

**TO RESTRICTED STOCK GRANT NOTICE**

**CONSENT OF SPOUSE**

I, \_\_\_\_\_, spouse of \_\_\_\_\_, have read and approve the foregoing Restricted Stock Grant Notice and Restricted Stock Agreement dated \_\_\_\_\_, between my spouse and Gossamer Bio, Inc. In consideration of issuing to my spouse the shares of the Common Stock of Gossamer Bio, Inc. set forth in the Restricted Stock Grant Notice and Restricted Stock Agreement, I hereby appoint my spouse as my attorney-in-fact in respect to the exercise of any rights under the Restricted Stock Grant Notice and Restricted Stock Agreement and agree to be bound by the provisions of the Restricted Stock Grant Notice and Restricted Stock Agreement insofar as I may have any rights in said Agreement or any shares issued pursuant thereto under the community property laws or similar laws relating to marital property in effect in the state of our residence as of the date of the signing of the Restricted Stock Grant Notice and Restricted Stock Agreement.

Dated: \_\_\_\_\_, \_\_\_\_

Signature of Spouse: \_\_\_\_\_

## FORM OF 83(B) ELECTION AND INSTRUCTIONS

These instructions are provided to assist you if you choose to make an election under Section 83(b) of the Internal Revenue Code, as amended, with respect to the shares of common stock of Gossamer Bio, Inc. transferred to you. **Please consult with your personal tax advisor as to whether an election of this nature will be in your best interests in light of your personal tax situation.**

The executed original of the Section 83(b) election must be filed with the Internal Revenue Service not later than 30 days after the date the shares were transferred to you. **There is no remedy for failure to file on time.** The steps outlined below should be followed to ensure the election is mailed and filed correctly and in a timely manner. **If you make the Section 83(b) election, the election is irrevocable.**

Complete the Section 83(b) election form (attached as [Attachment 1](#)) and make four (4) copies of the signed election form. Your spouse, if any, should sign the Section 83(b) election form as well.

Prepare the cover letter to the Internal Revenue Service (sample letter attached as [Attachment 2](#)).

Send the cover letter with the originally executed Section 83(b) election form and one (1) copy via certified mail, return receipt requested to the Internal Revenue Service at the address of the Internal Revenue Service where you file your personal tax returns. We suggest that you have the package date-stamped at the post office. The post office will provide you with a certified receipt that includes a dated postmark. Enclose a self-addressed, stamped envelope so that the Internal Revenue Service may return a date-stamped copy to you. However, your postmarked receipt is your proof of having timely filed the Section 83(b) election if you do not receive confirmation from the Internal Revenue Service.

One (1) copy must be sent to Gossamer Bio, Inc. for its records.

Retain the Internal Revenue Service file stamped copy (when returned) for your records.

Please consult your personal tax advisor for the address of the office of the Internal Revenue Service to which you should mail your election form.

ATTACHMENT 1

ELECTION UNDER INTERNAL REVENUE CODE SECTION 83(B)

The undersigned taxpayer hereby elects, pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended, to include in taxpayer's gross income for the current taxable year the amount of any compensation taxable to taxpayer in connection with taxpayer's receipt of shares (the "Shares") of Common Stock of Gossamer Bio, Inc., a Delaware corporation (the "Company").

The name, address and taxpayer identification number of the undersigned taxpayer are:

The name, address and taxpayer identification number of the Taxpayer's spouse are (complete if applicable):

Description of the property with respect to which the election is being made:

\_\_\_\_\_ shares of Common Stock of the Company.

The date on which the property was transferred was \_\_\_\_\_. The taxable year to which this election relates is calendar year 2018.

Nature of restrictions to which the property is subject:

The Shares are subject to forfeiture upon the occurrence of certain events. This forfeiture restriction lapses based upon the continued performance of services by the taxpayer over time or upon performance conditions related to the issuer of the Shares.

The fair market value at the time of transfer (determined without regard to any lapse restrictions, as defined in Treasury Regulation Section 1.83-3(i)) of the Shares was \$\_\_\_ per Share.

The amount paid by the taxpayer for the Shares was \$0 per share.

A copy of this statement has been furnished to the Company.

Dated: \_\_\_\_\_

Taxpayer Signature \_\_\_\_\_

The undersigned spouse of Taxpayer joins in this election. (Complete if applicable).

Dated: \_\_\_\_\_

Spouse's Signature \_\_\_\_\_

**GOSSAMER BIO, INC.****2019 INCENTIVE AWARD PLAN****ARTICLE I.  
PURPOSE**

The Plan's purpose is to enhance the Company's ability to attract, retain and motivate persons who make (or are expected to make) important contributions to the Company by providing these individuals with equity ownership opportunities. Capitalized terms used in the Plan are defined in Article XI.

**ARTICLE II.  
ELIGIBILITY**

Service Providers are eligible to be granted Awards under the Plan, subject to the limitations described herein.

**ARTICLE III.  
ADMINISTRATION AND DELEGATION**

3.1 Administration. The Plan is administered by the Administrator. The Administrator has authority to determine which Service Providers receive Awards, grant Awards and set Award terms and conditions, subject to the conditions and limitations in the Plan. The Administrator also has the authority to take all actions and make all determinations under the Plan, to interpret the Plan and Award Agreements and to adopt, amend and repeal Plan administrative rules, guidelines and practices as it deems advisable. The Administrator may correct defects and ambiguities, supply omissions and reconcile inconsistencies in the Plan or any Award as it deems necessary or appropriate to administer the Plan and any Awards. The Administrator's determinations under the Plan are in its sole discretion and will be final and binding on all persons having or claiming any interest in the Plan or any Award.

3.2 Appointment of Committees. To the extent Applicable Laws permit, the Board may delegate any or all of its powers under the Plan to one or more Committees or officers of the Company or any of its Subsidiaries. The Board may abolish any Committee or re-vest in itself any previously delegated authority at any time.

**ARTICLE IV.  
STOCK AVAILABLE FOR AWARDS**

4.1 Number of Shares. Subject to adjustment under Article VIII and the terms of this Article IV, Awards may be made under the Plan covering up to the Overall Share Limit. As of the Plan's effective date under Section 10.3, the Company will cease granting awards under the Prior Plan; however, Prior Plan Awards will remain subject to the terms of the applicable Prior Plan. Shares issued under the Plan may consist of authorized but unissued Shares, Shares purchased on the open market or treasury Shares.

4.2 Share Recycling. If all or any part of an Award or Prior Plan Award expires, lapses or is terminated, exchanged for cash, surrendered, repurchased, canceled without having been fully exercised or forfeited, in any case, in a manner that results in the Company acquiring Shares covered by the Award or Prior Plan Award at a price not greater than the price (as adjusted to reflect any Equity Restructuring) paid by the Participant for such Shares or not issuing any Shares covered by the Award or Prior Plan Award, the

unused Shares covered by the Award or Prior Plan Award will, as applicable, become or again be available for Award grants under the Plan. Further, Shares delivered (either by actual delivery or attestation) to the Company by a Participant to satisfy the applicable exercise or purchase price of an Award or Prior Plan Award and/or to satisfy any applicable tax withholding obligation (including Shares retained by the Company from the Award or Prior Plan Award being exercised or purchased and/or creating the tax obligation) will, as applicable, become or again be available for Award grants under the Plan. The payment of Dividend Equivalents in cash in conjunction with any outstanding Awards or Prior Plan Awards shall not count against the Overall Share Limit.

4.3 Incentive Stock Option Limitations. Notwithstanding anything to the contrary herein, no more than \_\_\_\_\_ Shares may be issued pursuant to the exercise of Incentive Stock Options.

4.4 Substitute Awards. In connection with an entity's merger or consolidation with the Company or the Company's acquisition of an entity's property or stock, the Administrator may grant Awards in substitution for any options or other stock or stock-based awards granted before such merger or consolidation by such entity or its affiliate. Substitute Awards may be granted on such terms as the Administrator deems appropriate, notwithstanding limitations on Awards in the Plan. Substitute Awards will not count against the Overall Share Limit (nor shall Shares subject to a Substitute Award be added to the Shares available for Awards under the Plan as provided above), except that Shares acquired by exercise of substitute Incentive Stock Options will count against the maximum number of Shares that may be issued pursuant to the exercise of Incentive Stock Options under the Plan. Additionally, in the event that a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines has shares available under a pre-existing plan approved by stockholders and not adopted in contemplation of such acquisition or combination, the shares available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the Shares authorized for grant under the Plan (and Shares subject to such Awards shall not be added to the Shares available for Awards under the Plan as provided above); provided that Awards using such available shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were not Employees or Directors prior to such acquisition or combination.

4.5 Non-Employee Director Compensation. Notwithstanding any provision to the contrary in the Plan, the Administrator may establish compensation for non-employee Directors from time to time, subject to the limitations in the Plan. The Administrator will from time to time determine the terms, conditions and amounts of all such non-employee Director compensation in its discretion and pursuant to the exercise of its business judgment, taking into account such factors, circumstances and considerations as it shall deem relevant from time to time, provided that the sum of any cash compensation, or other compensation, and the value (determined as of the grant date in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, or any successor thereto) of Awards granted to a non-employee Director as compensation for services as a non-employee Director during any fiscal year of the Company may not exceed \$750,000 increased to \$1,000,000 in the fiscal year of a non-employee Director's initial service as a non-employee Director. The Administrator may make exceptions to this limit for individual non-employee Directors in extraordinary circumstances, as the Administrator may determine in its discretion, provided that the non-employee Director receiving such additional compensation may not participate in the decision to award such compensation or in other contemporaneous compensation decisions involving non-employee Directors.

**ARTICLE V.**  
**STOCK OPTIONS AND STOCK APPRECIATION RIGHTS**

5.1 General. The Administrator may grant Options or Stock Appreciation Rights to Service Providers subject to the limitations in the Plan, including any limitations in the Plan that apply to Incentive Stock Options. The Administrator will determine the number of Shares covered by each Option and Stock Appreciation Right, the exercise price of each Option and Stock Appreciation Right and the conditions and limitations applicable to the exercise of each Option and Stock Appreciation Right. A Stock Appreciation Right will entitle the Participant (or other person entitled to exercise the Stock Appreciation Right) to receive from the Company upon exercise of the exercisable portion of the Stock Appreciation Right an amount determined by multiplying the excess, if any, of the Fair Market Value of one Share on the date of exercise over the exercise price per Share of the Stock Appreciation Right by the number of Shares with respect to which the Stock Appreciation Right is exercised, subject to any limitations of the Plan or that the Administrator may impose and payable in cash, Shares valued at Fair Market Value or a combination of the two as the Administrator may determine or provide in the Award Agreement.

5.2 Exercise Price. The Administrator will establish each Option's and Stock Appreciation Right's exercise price and specify the exercise price in the Award Agreement. The exercise price will not be less than 100% of the Fair Market Value on the grant date of the Option or Stock Appreciation Right.

5.3 Duration. Each Option or Stock Appreciation Right will be exercisable at such times and as specified in the Award Agreement, provided that the term of an Option or Stock Appreciation Right will not exceed ten years. Notwithstanding the foregoing and unless determined otherwise by the Company, in the event that on the last business day of the term of an Option or Stock Appreciation Right (other than an Incentive Stock Option) (i) the exercise of the Option or Stock Appreciation Right is prohibited by Applicable Law, as determined by the Company, or (ii) Shares may not be purchased or sold by the applicable Participant due to any Company insider trading policy (including blackout periods) or a "lock-up" agreement undertaken in connection with an issuance of securities by the Company, the term of the Option or Stock Appreciation Right shall be extended until the date that is thirty (30) days after the end of the legal prohibition, black-out period or lock-up agreement, as determined by the Company; provided, however, in no event shall the extension last beyond the ten year term of the applicable Option or Stock Appreciation Right. Notwithstanding the foregoing, if the Participant, prior to the end of the term of an Option or Stock Appreciation Right, violates the non-competition, non-solicitation, confidentiality or other similar restrictive covenant provisions of any employment contract, confidentiality and nondisclosure agreement or other agreement between the Participant and the Company or any of its Subsidiaries, the right of the Participant and the Participant's transferees to exercise any Option or Stock Appreciation Right issued to the Participant shall terminate immediately upon such violation, unless the Company otherwise determines. In addition, if, prior to the end of the term of an Option or Stock Appreciation Right, the Participant is given notice by the Company or any of its Subsidiaries of the Participant's Termination of Service by the Company or any of its Subsidiaries for Cause, and the effective date of such Termination of Service is subsequent to the date of the delivery of such notice, the right of the Participant and the Participant's transferees to exercise any Option or Stock Appreciation Right issued to the Participant shall be suspended from the time of the delivery of such notice until the earlier of (i) such time as it is determined or otherwise agreed that the Participant's service as a Service Provider will not be terminated for Cause as provided in such notice or (ii) the effective date of the Participant's Termination of Service by the Company or any of its Subsidiaries for Cause (in which case the right of the Participant and the Participant's transferees to exercise any Option or Stock Appreciation Right issued to the Participant will terminate immediately upon the effective date of such termination of Service).

5.4 Exercise. Options and Stock Appreciation Rights may be exercised by delivering to the Company a written notice of exercise, in a form the Administrator approves (which may be electronic),

signed by the person authorized to exercise the Option or Stock Appreciation Right, together with, as applicable, payment in full (i) as specified in Section 5.5 for the number of Shares for which the Award is exercised and (ii) as specified in Section 9.5 for any applicable taxes. Unless the Administrator otherwise determines, an Option or Stock Appreciation Right may not be exercised for a fraction of a Share.

5.5 Payment Upon Exercise. Subject to Section 10.8, any Company insider trading policy (including blackout periods) and Applicable Laws, the exercise price of an Option must be paid by:

(a) cash, wire transfer of immediately available funds or by check payable to the order of the Company, provided that the Company may limit the use of one of the foregoing payment forms if one or more of the payment forms below is permitted;

(b) if there is a public market for Shares at the time of exercise, unless the Company otherwise determines, (A) delivery (including electronically or telephonically to the extent permitted by the Company) of an irrevocable and unconditional undertaking by a broker acceptable to the Company to deliver promptly to the Company sufficient funds to pay the exercise price, or (B) the Participant's delivery to the Company of a copy of irrevocable and unconditional instructions to a broker acceptable to the Company to deliver promptly to the Company cash or a check sufficient to pay the exercise price; provided that such amount is paid to the Company at such time as may be required by the Administrator;

(c) to the extent permitted by the Administrator, delivery (either by actual delivery or attestation) of Shares owned by the Participant valued at their Fair Market Value;

(d) to the extent permitted by the Administrator, surrendering Shares then issuable upon the Option's exercise valued at their Fair Market Value on the exercise date;

(e) to the extent permitted by the Administrator, delivery of a promissory note or any other property that the Administrator determines is good and valuable consideration; or

(f) to the extent permitted by the Company, any combination of the above payment forms approved by the Administrator.

## **ARTICLE VI. RESTRICTED STOCK; RESTRICTED STOCK UNITS**

6.1 General. The Administrator may grant Restricted Stock, or the right to purchase Restricted Stock, to any Service Provider, subject to the Company's right to repurchase all or part of such shares at their issue price or other stated or formula price from the Participant (or to require forfeiture of such shares) if conditions the Administrator specifies in the Award Agreement are not satisfied before the end of the applicable restriction period or periods that the Administrator establishes for such Award. In addition, the Administrator may grant to Service Providers Restricted Stock Units, which may be subject to vesting and forfeiture conditions during the applicable restriction period or periods, as set forth in an Award Agreement. The Administrator will determine and set forth in the Award Agreement the terms and conditions for each Restricted Stock and Restricted Stock Unit Award, subject to the conditions and limitations contained in the Plan.

### 6.2 Restricted Stock.

(a) Dividends. Participants holding shares of Restricted Stock will be entitled to all ordinary cash dividends paid with respect to such Shares, unless the Administrator provides otherwise in the Award Agreement. In addition, unless the Administrator provides otherwise, if any dividends or



distributions are paid in Shares, or consist of a dividend or distribution to holders of Common Stock of property other than an ordinary cash dividend, the Shares or other property will be subject to the same restrictions on transferability and forfeitability as the shares of Restricted Stock with respect to which they were paid.

(b) Stock Certificates. The Company may require that the Participant deposit in escrow with the Company (or its designee) any stock certificates issued in respect of shares of Restricted Stock, together with a stock power endorsed in blank.

### 6.3 Restricted Stock Units.

(a) Settlement. The Administrator may provide that settlement of Restricted Stock Units will occur upon or as soon as reasonably practicable after the Restricted Stock Units vest or will instead be deferred, on a mandatory basis or at the Participant's election, in a manner intended to comply with Section 409A.

(b) Stockholder Rights. A Participant will have no rights of a stockholder with respect to Shares subject to any Restricted Stock Unit unless and until the Shares are delivered in settlement of the Restricted Stock Unit.

(c) Dividend Equivalents. If the Administrator provides, a grant of Restricted Stock Units may provide a Participant with the right to receive Dividend Equivalents. Dividend Equivalents may be paid currently or credited to an account for the Participant, settled in cash or Shares and subject to the same restrictions on transferability and forfeitability as the Restricted Stock Units with respect to which the Dividend Equivalents are granted and subject to other terms and conditions as set forth in the Award Agreement.

## **ARTICLE VII. OTHER STOCK OR CASH BASED AWARDS**

Other Stock or Cash Based Awards may be granted to Participants, including Awards entitling Participants to receive Shares to be delivered in the future and including annual or other periodic or long-term cash bonus awards (whether based on specified Performance Criteria or otherwise), in each case subject to any conditions and limitations in the Plan. Such Other Stock or Cash Based Awards will also be available as a payment form in the settlement of other Awards, as standalone payments and as payment in lieu of compensation to which a Participant is otherwise entitled. Other Stock or Cash Based Awards may be paid in Shares, cash or other property, as the Administrator determines. Subject to the provisions of the Plan, the Administrator will determine the terms and conditions of each Other Stock or Cash Based Award, including any purchase price, performance goal (which may be based on the Performance Criteria), transfer restrictions, and vesting conditions, which will be set forth in the applicable Award Agreement.

## **ARTICLE VIII. ADJUSTMENTS FOR CHANGES IN COMMON STOCK AND CERTAIN OTHER EVENTS**

8.1 Equity Restructuring. In connection with any Equity Restructuring, notwithstanding anything to the contrary in this Article VIII, the Administrator will equitably adjust each outstanding Award as it deems appropriate to reflect the Equity Restructuring, which may include adjusting the number and type of securities subject to each outstanding Award and/or the Award's exercise price or grant price (if applicable), granting new Awards to Participants, and making a cash payment to Participants. The adjustments provided under this Section 8.1 will be nondiscretionary and final and binding on the affected Participant and the Company; provided that the Administrator will determine whether an adjustment is equitable.

8.2 Corporate Transactions. In the event of any dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), reorganization, merger, consolidation, combination, amalgamation, repurchase, recapitalization, liquidation, dissolution, or sale, transfer, exchange or other disposition of all or substantially all of the assets of the Company, or sale or exchange of Common Stock or other securities of the Company, Change in Control, issuance of warrants or other rights to purchase Common Stock or other securities of the Company, other similar corporate transaction or event, other unusual or nonrecurring transaction or event affecting the Company or its financial statements or any change in any Applicable Laws or accounting principles, the Administrator, on such terms and conditions as it deems appropriate, either by the terms of the Award or by action taken prior to the occurrence of such transaction or event (except that action to give effect to a change in Applicable Law or accounting principles may be made within a reasonable period of time after such change) and either automatically or upon the Participant's request, is hereby authorized to take any one or more of the following actions whenever the Administrator determines that such action is appropriate in order to (x) prevent dilution or enlargement of the benefits or potential benefits intended by the Company to be made available under the Plan or with respect to any Award granted or issued under the Plan, (y) to facilitate such transaction or event or (z) give effect to such changes in Applicable Laws or accounting principles:

(a) To provide for the cancellation of any such Award in exchange for either an amount of cash or other property with a value equal to the amount that could have been obtained upon the exercise or settlement of the vested portion of such Award or realization of the Participant's rights under the vested portion of such Award, as applicable; provided that, if the amount that could have been obtained upon the exercise or settlement of the vested portion of such Award or realization of the Participant's rights, in any case, is equal to or less than zero, then the Award may be terminated without payment;

(b) To provide that such Award shall vest and, to the extent applicable, be exercisable as to all shares covered thereby, notwithstanding anything to the contrary in the Plan or the provisions of such Award;

(c) To provide that such Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and/or applicable exercise or purchase price, in all cases, as determined by the Administrator;

(d) To make adjustments in the number and type of shares of Common Stock (or other securities or property) subject to outstanding Awards and/or with respect to which Awards may be granted under the Plan (including, but not limited to, adjustments of the limitations in Article IV hereof on the maximum number and kind of shares which may be issued) and/or in the terms and conditions of (including the grant or exercise price), and the criteria included in, outstanding Awards;

(e) To replace such Award with other rights or property selected by the Administrator; and/or

(f) To provide that the Award will terminate and cannot vest, be exercised or become payable after the applicable event.

8.3 Effect of Non-Assumption in a Change in Control. Notwithstanding the provisions of Section 8.2, if a Change in Control occurs and a Participant's Awards are not continued, converted,

assumed, or replaced with a substantially similar award by (a) the Company, or (b) a successor entity or its parent or subsidiary (an “**Assumption**”), and provided that the Participant has not had a Termination of Service, then, immediately prior to the Change in Control, such Awards shall become fully vested, exercisable and/or payable, as applicable, and all forfeiture, repurchase and other restrictions on such Awards shall lapse, in which case, such Awards shall be canceled upon the consummation of the Change in Control in exchange for the right to receive the Change in Control consideration payable to other holders of Common Stock (i) which may be on such terms and conditions as apply generally to holders of Common Stock under the Change in Control documents (including, without limitation, any escrow, earn-out or other deferred consideration provisions) or such other terms and conditions as the Administrator may provide, and (ii) determined by reference to the number of shares subject to such Awards and net of any applicable exercise price; provided that to the extent that any Awards constitute “nonqualified deferred compensation” that may not be paid upon the Change in Control under Section 409A without the imposition of taxes thereon under Section 409A, the timing of such payments shall be governed by the applicable Award Agreement (subject to any deferred consideration provisions applicable under the Change in Control documents); and provided, further, that if the amount to which a Participant would be entitled upon the settlement or exercise of such Award at the time of the Change in Control is equal to or less than zero, then such Award may be terminated without payment. The Administrator shall determine whether an Assumption of an Award has occurred in connection with a Change in Control.

8.4 **Administrative Stand Still.** In the event of any pending stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other extraordinary transaction or change affecting the Shares or the share price of Common Stock, including any Equity Restructuring or any securities offering or other similar transaction, for administrative convenience, the Administrator may refuse to permit the exercise of any Award for up to sixty days before or after such transaction.

8.5 **General.** Except as expressly provided in the Plan or the Administrator’s action under the Plan, no Participant will have any rights due to any subdivision or consolidation of Shares of any class, dividend payment, increase or decrease in the number of Shares of any class or dissolution, liquidation, merger, or consolidation of the Company or other corporation. Except as expressly provided with respect to an Equity Restructuring under Section 8.1 or the Administrator’s action under the Plan, no issuance by the Company of Shares of any class, or securities convertible into Shares of any class, will affect, and no adjustment will be made regarding, the number of Shares subject to an Award or the Award’s grant or exercise price. The existence of the Plan, any Award Agreements and the Awards granted hereunder will not affect or restrict in any way the Company’s right or power to make or authorize (i) any adjustment, recapitalization, reorganization or other change in the Company’s capital structure or its business, (ii) any merger, consolidation dissolution or liquidation of the Company or sale of Company assets or (iii) any sale or issuance of securities, including securities with rights superior to those of the Shares or securities convertible into or exchangeable for Shares. The Administrator may treat Participants and Awards (or portions thereof) differently under this Article VIII.

#### **ARTICLE IX. GENERAL PROVISIONS APPLICABLE TO AWARDS**

9.1 **Transferability.** Except as the Administrator may determine or provide in an Award Agreement or otherwise for Awards other than Incentive Stock Options, Awards may not be sold, assigned, transferred, pledged or otherwise encumbered, either voluntarily or by operation of law, except by will or the laws of descent and distribution, or, subject to the Administrator’s consent, pursuant to a domestic relations order, and, during the life of the Participant, will be exercisable only by the Participant. References to a Participant, to the extent relevant in the context, will include references to a Participant’s authorized transferee that the Administrator specifically approves.

9.2 Documentation. Each Award will be evidenced in an Award Agreement, which may be written or electronic, as the Administrator determines. Each Award may contain terms and conditions in addition to those set forth in the Plan.

9.3 Discretion. Except as the Plan otherwise provides, each Award may be made alone or in addition or in relation to any other Award. The terms of each Award to a Participant need not be identical, and the Administrator need not treat Participants or Awards (or portions thereof) uniformly.

9.4 Termination of Status. The Administrator will determine how the disability, death, retirement, authorized leave of absence or any other change or purported change in a Participant's Service Provider status affects an Award and the extent to which, and the period during which, the Participant, the Participant's legal representative, conservator, guardian or Designated Beneficiary may exercise rights under the Award, if applicable.

9.5 Withholding. Each Participant must pay the Company, or make provision satisfactory to the Administrator for payment of, any taxes required by law to be withheld in connection with such Participant's Awards by the date of the event creating the tax liability. The Company may deduct an amount sufficient to satisfy such tax obligations based on the applicable statutory withholding rates (or such other rate as may be determined by the Company after considering any accounting consequences or costs) from any payment of any kind otherwise due to a Participant. In the absence of a contrary determination by the Company (or, with respect to withholding pursuant to clause (ii) below with respect to Awards held by individuals subject to Section 16 of the Exchange Act, a contrary determination by the Administrator), all tax withholding obligations will be calculated based on the minimum applicable statutory withholding rates. Subject to Section 10.8 and any Company insider trading policy (including blackout periods), Participants may satisfy such tax obligations (i) in cash, by wire transfer of immediately available funds, by check made payable to the order of the Company, provided that the Company may limit the use of the foregoing payment forms if one or more of the payment forms below is permitted, (ii) to the extent permitted by the Administrator, in whole or in part by delivery of Shares, including Shares delivered by attestation and Shares retained from the Award creating the tax obligation, valued at their Fair Market Value on the date of delivery, (iii) if there is a public market for Shares at the time the tax obligations are satisfied, unless the Company otherwise determines, (A) delivery (including electronically or telephonically to the extent permitted by the Company) of an irrevocable and unconditional undertaking by a broker acceptable to the Company to deliver promptly to the Company sufficient funds to satisfy the tax obligations, or (B) delivery by the Participant to the Company of a copy of irrevocable and unconditional instructions to a broker acceptable to the Company to deliver promptly to the Company cash or a check sufficient to satisfy the tax withholding; provided that such amount is paid to the Company at such time as may be required by the Administrator, or (iv) to the extent permitted by the Company, any combination of the foregoing payment forms approved by the Administrator. Notwithstanding any other provision of the Plan, the number of Shares which may be so delivered or retained pursuant to clause (ii) of the immediately preceding sentence shall be limited to the number of Shares which have a Fair Market Value on the date of delivery or retention no greater than the aggregate amount of such liabilities based on the maximum individual statutory tax rate in the applicable jurisdiction at the time of such withholding (or such other rate as may be required to avoid the liability classification of the applicable award under generally accepted accounting principles in the United States of America)); provided, however, to the extent such Shares were acquired by Participant from the Company as compensation, the Shares must have been held for the minimum period required by applicable accounting rules to avoid a charge to the Company's earnings for financial reporting purposes; provided, further, that, any such Shares delivered or retained shall be rounded up to the nearest whole Share to the extent rounding up to the nearest whole Share does not result in the liability classification of the applicable Award under generally accepted accounting principles in the United States of America. If any tax withholding obligation will be satisfied under clause (ii) above by the Company's retention of Shares from the Award creating the tax obligation and there is a public market for Shares at the time the tax

obligation is satisfied, the Company may elect to instruct any brokerage firm determined acceptable to the Company for such purpose to sell on the applicable Participant's behalf some or all of the Shares retained and to remit the proceeds of the sale to the Company or its designee, and each Participant's acceptance of an Award under the Plan will constitute the Participant's authorization to the Company and instruction and authorization to such brokerage firm to complete the transactions described in this sentence.

9.6 Amendment of Award; Repricing. The Administrator may amend, modify or terminate any outstanding Award, including by substituting another Award of the same or a different type, changing the exercise or settlement date, and converting an Incentive Stock Option to a Non-Qualified Stock Option. The Participant's consent to such action will be required unless (i) the action, taking into account any related action, does not materially and adversely affect the Participant's rights under the Award, or (ii) the change is permitted under Article VIII or pursuant to Section 10.6. Notwithstanding the foregoing or anything in the Plan to the contrary, the Administrator may, without the approval of the stockholders of the Company, reduce the exercise price per share of outstanding Options or Stock Appreciation Rights or cancel outstanding Options or Stock Appreciation Rights in exchange for cash, other Awards or Options or Stock Appreciation Rights with an exercise price per share that is less than the exercise price per share of the original Options or Stock Appreciation Rights.

9.7 Conditions on Delivery of Stock. The Company will not be obligated to deliver any Shares under the Plan or remove restrictions from Shares previously delivered under the Plan until (i) all Award conditions have been met or removed to the Company's satisfaction, (ii) as determined by the Company, all other legal matters regarding the issuance and delivery of such Shares have been satisfied, including any applicable securities laws and stock exchange or stock market rules and regulations, and (iii) the Participant has executed and delivered to the Company such representations or agreements as the Administrator deems necessary or appropriate to satisfy any Applicable Laws. The Company's inability to obtain authority from any regulatory body having jurisdiction, which the Administrator determines is necessary to the lawful issuance and sale of any securities, will relieve the Company of any liability for failing to issue or sell such Shares as to which such requisite authority has not been obtained.

9.8 Acceleration. The Administrator may at any time provide that any Award will become immediately vested and fully or partially exercisable, free of some or all restrictions or conditions, or otherwise fully or partially realizable.

9.9 Additional Terms of Incentive Stock Options. The Administrator may grant Incentive Stock Options only to employees of the Company, any of its present or future parent or subsidiary corporations, as defined in Sections 424(e) or (f) of the Code, respectively, and any other entities the employees of which are eligible to receive Incentive Stock Options under the Code. If an Incentive Stock Option is granted to a Greater Than 10% Stockholder, the exercise price will not be less than 110% of the Fair Market Value on the Option's grant date, and the term of the Option will not exceed five years. All Incentive Stock Options will be subject to and construed consistently with Section 422 of the Code. By accepting an Incentive Stock Option, the Participant agrees to give prompt notice to the Company of dispositions or other transfers (other than in connection with a Change in Control) of Shares acquired under the Option made within (i) two years from the grant date of the Option or (ii) one year after the transfer of such Shares to the Participant, specifying the date of the disposition or other transfer and the amount the Participant realized, in cash, other property, assumption of indebtedness or other consideration, in such disposition or other transfer. Neither the Company nor the Administrator will be liable to a Participant, or any other party, if an Incentive Stock Option fails or ceases to qualify as an "incentive stock option" under Section 422 of the Code. Any Incentive Stock Option or portion thereof that fails to qualify as an "incentive stock option" under Section 422 of the Code for any reason, including becoming exercisable with respect to Shares having a fair market value exceeding the \$100,000 limitation under Treasury Regulation Section 1.422-4, will be a Non-Qualified Stock Option.

**ARTICLE X.  
MISCELLANEOUS**

10.1 No Right to Employment or Other Status. No person will have any claim or right to be granted an Award, and the grant of an Award will not be construed as giving a Participant the right to continued employment or any other relationship with the Company. The Company expressly reserves the right at any time to dismiss or otherwise terminate its relationship with a Participant free from any liability or claim under the Plan or any Award, except as expressly provided in an Award Agreement.

10.2 No Rights as Stockholder; Certificates. Subject to the Award Agreement, no Participant or Designated Beneficiary will have any rights as a stockholder with respect to any Shares to be distributed under an Award until becoming the record holder of such Shares. Notwithstanding any other provision of the Plan, unless the Administrator otherwise determines or Applicable Laws require, the Company will not be required to deliver to any Participant certificates evidencing Shares issued in connection with any Award and instead such Shares may be recorded in the books of the Company (or, as applicable, its transfer agent or stock plan administrator). The Company may place legends on stock certificates issued under the Plan that the Administrator deems necessary or appropriate to comply with Applicable Laws.

10.3 Effective Date and Term of Plan. Unless earlier terminated by the Board, the Plan will become effective on the day prior to the Public Trading Date and will remain in effect until the tenth anniversary of the earlier of (i) the date the Board adopted the Plan or (ii) the date the Company's stockholders approved the Plan, but Awards previously granted may extend beyond that date in accordance with the Plan. If the Plan is not approved by the Company's stockholders, the Plan will not become effective, no Awards will be granted under the Plan and the Prior Plan will continue in full force and effect in accordance with its terms. The Plan will be submitted for the approval of the Company's stockholders within twelve (12) months after the date of the Board's adoption of the Plan.

10.4 Amendment of Plan. The Administrator may amend, suspend or terminate the Plan at any time; provided that no amendment, other than an increase to the Overall Share Limit, may materially and adversely affect any Award outstanding at the time of such amendment without the affected Participant's consent. No Awards may be granted under the Plan during any suspension period or after the Plan's termination. Awards outstanding at the time of any Plan suspension or termination will continue to be governed by the Plan and the Award Agreement, as in effect before such suspension or termination. The Board will obtain stockholder approval of any Plan amendment to the extent necessary to comply with Applicable Laws.

10.5 Provisions for Foreign Participants. The Administrator may modify Awards granted to Participants who are foreign nationals or employed outside the United States or establish subplans or procedures under the Plan to address differences in laws, rules, regulations or customs of such foreign jurisdictions with respect to tax, securities, currency, employee benefit or other matters.

10.6 Section 409A.

(a) General. The Company intends that all Awards be structured to comply with, or be exempt from, Section 409A, such that no adverse tax consequences, interest, or penalties under Section 409A apply. Notwithstanding anything in the Plan or any Award Agreement to the contrary, the Administrator may, without a Participant's consent, amend this Plan or Awards, adopt policies and procedures, or take any other actions (including amendments, policies, procedures and retroactive actions) as are necessary or appropriate to preserve the intended tax treatment of Awards, including any such actions intended to (A) exempt this Plan or any Award from Section 409A, or (B) comply with Section 409A, including regulations, guidance, compliance programs and other interpretative authority that may be issued

after an Award's grant date. The Company makes no representations or warranties as to an Award's tax treatment under Section 409A or otherwise. The Company will have no obligation under this Section 10.6 or otherwise to avoid the taxes, penalties or interest under Section 409A with respect to any Award and will have no liability to any Participant or any other person if any Award, compensation or other benefits under the Plan are determined to constitute noncompliant "nonqualified deferred compensation" subject to taxes, penalties or interest under Section 409A.

(b) Separation from Service. If an Award constitutes "nonqualified deferred compensation" under Section 409A, any payment or settlement of such Award upon a termination of a Participant's Service Provider relationship will, to the extent necessary to avoid taxes under Section 409A, be made only upon the Participant's "separation from service" (within the meaning of Section 409A), whether such "separation from service" occurs upon or after the termination of the Participant's Service Provider relationship. For purposes of this Plan or any Award Agreement relating to any such payments or benefits, references to a "termination," "termination of employment" or like terms means a "separation from service."

(c) Payments to Specified Employees. Notwithstanding any contrary provision in the Plan or any Award Agreement, any payment(s) of "nonqualified deferred compensation" required to be made under an Award to a "specified employee" (as defined under Section 409A and as the Administrator determines) due to his or her "separation from service" will, to the extent necessary to avoid taxes under Section 409A(a)(2)(B)(i) of the Code, be delayed for the six-month period immediately following such "separation from service" (or, if earlier, until the specified employee's death) and will instead be paid (as set forth in the Award Agreement) on the day immediately following such six-month period or as soon as administratively practicable thereafter (without interest). Any payments of "nonqualified deferred compensation" under such Award payable more than six months following the Participant's "separation from service" will be paid at the time or times the payments are otherwise scheduled to be made.

10.7 Limitations on Liability. Notwithstanding any other provisions of the Plan, no individual acting as a director, officer, other employee or agent of the Company or any Subsidiary will be liable to any Participant, former Participant, spouse, beneficiary, or any other person for any claim, loss, liability, or expense incurred in connection with the Plan or any Award, and such individual will not be personally liable with respect to the Plan because of any contract or other instrument executed in his or her capacity as an Administrator, director, officer, other employee or agent of the Company or any Subsidiary. The Company will indemnify and hold harmless each director, officer, other employee and agent of the Company or any Subsidiary that has been or will be granted or delegated any duty or power relating to the Plan's administration or interpretation, against any cost or expense (including attorneys' fees) or liability (including any sum paid in settlement of a claim with the Administrator's approval) arising from any act or omission concerning this Plan unless arising from such person's own fraud or bad faith.

10.8 Lock-Up Period. The Company may, at the request of any underwriter representative or otherwise, in connection with registering the offering of any Company securities under the Securities Act, prohibit Participants from, directly or indirectly, selling or otherwise transferring any Shares or other Company securities during a period of up to one hundred eighty days following the effective date of a Company registration statement filed under the Securities Act, or such longer period as determined by the underwriter.

10.9 Data Privacy. As a condition for receiving any Award, each Participant explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of personal data as described in this section by and among the Company and its Subsidiaries and affiliates exclusively for implementing, administering and managing the Participant's participation in the Plan. The Company and its Subsidiaries and affiliates may hold certain personal information about a Participant, including the

Participant's name, address and telephone number; birthdate; social security, insurance number or other identification number; salary; nationality; job title(s); any Shares held in the Company or its Subsidiaries and affiliates; and Award details, to implement, manage and administer the Plan and Awards (the "**Data**"). The Company and its Subsidiaries and affiliates may transfer the Data amongst themselves as necessary to implement, administer and manage a Participant's participation in the Plan, and the Company and its Subsidiaries and affiliates may transfer the Data to third parties assisting the Company with Plan implementation, administration and management. These recipients may be located in the Participant's country, or elsewhere, and the Participant's country may have different data privacy laws and protections than the recipients' country. By accepting an Award, each Participant authorizes such recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, to implement, administer and manage the Participant's participation in the Plan, including any required Data transfer to a broker or other third party with whom the Company or the Participant may elect to deposit any Shares. The Data related to a Participant will be held only as long as necessary to implement, administer, and manage the Participant's participation in the Plan. A Participant may, at any time, view the Data that the Company holds regarding such Participant, request additional information about the storage and processing of the Data regarding such Participant, recommend any necessary corrections to the Data regarding the Participant or refuse or withdraw the consents in this Section 10.9 in writing, without cost, by contacting the local human resources representative. The Company may cancel Participant's ability to participate in the Plan and, in the Administrator's discretion, the Participant may forfeit any outstanding Awards if the Participant refuses or withdraws the consents in this Section 10.9. For more information on the consequences of refusing or withdrawing consent, Participants may contact their local human resources representative.

10.10 Severability. If any portion of the Plan or any action taken under it is held illegal or invalid for any reason, the illegality or invalidity will not affect the remaining parts of the Plan, and the Plan will be construed and enforced as if the illegal or invalid provisions had been excluded, and the illegal or invalid action will be null and void.

10.11 Governing Documents. If any contradiction occurs between the Plan and any Award Agreement or other written agreement between a Participant and the Company (or any Subsidiary) that the Administrator has approved, the Plan will govern, unless it is expressly specified in such Award Agreement or other written document that a specific provision of the Plan will not apply.

10.12 Governing Law. The Plan and all Awards will be governed by and interpreted in accordance with the laws of the State of Delaware, disregarding any state's choice-of-law principles requiring the application of a jurisdiction's laws other than the State of Delaware.

10.13 Claw-back Provisions. All Awards (including, without limitation, any proceeds, gains or other economic benefit actually or constructively received by Participant upon any receipt or exercise of any Award or upon the receipt or resale of any shares of Common Stock underlying the Award) shall be subject to the provisions of any claw-back policy implemented by the Company, including, without limitation, any claw-back policy adopted to comply with Applicable Laws (including the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder) as and to the extent set forth in such claw-back policy or the Award Agreement.

10.14 Titles and Headings. The titles and headings in the Plan are for convenience of reference only and, if any conflict, the Plan's text, rather than such titles or headings, will control.

10.15 Conformity to Securities Laws. Participant acknowledges that the Plan is intended to conform to the extent necessary with Applicable Laws. Notwithstanding anything herein to the contrary, the Plan and all Awards will be administered only in conformance with Applicable Laws. To the extent Applicable Laws permit, the Plan and all Award Agreements will be deemed amended as necessary to conform to Applicable Laws.



10.16 **Relationship to Other Benefits.** No payment under the Plan will be taken into account in determining any benefits under any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any Subsidiary except as expressly provided in writing in such other plan or an agreement thereunder.

10.17 **Broker-Assisted Sales.** In the event of a broker-assisted sale of Shares in connection with the payment of amounts owed by a Participant under or with respect to the Plan or Awards, including amounts to be paid under the final sentence of Section 9.5: (a) any Shares to be sold through the broker-assisted sale will be sold on the day the payment first becomes due, or as soon thereafter as practicable; (b) such Shares may be sold as part of a block trade with other Participants in the Plan in which all participants receive an average price; (c) the applicable Participant will be responsible for all broker's fees and other costs of sale, and by accepting an Award, each Participant agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale; (d) to the extent the Company or its designee receives proceeds of such sale that exceed the amount owed, the Company will pay such excess in cash to the applicable Participant as soon as reasonably practicable; (e) the Company and its designees are under no obligation to arrange for such sale at any particular price; and (f) in the event the proceeds of such sale are insufficient to satisfy the Participant's applicable obligation, the Participant may be required to pay immediately upon demand to the Company or its designee an amount in cash sufficient to satisfy any remaining portion of the Participant's obligation.

## **ARTICLE XI. DEFINITIONS**

As used in the Plan, the following words and phrases will have the following meanings:

11.1 **"Administrator"** means the Board or a Committee to the extent that the Board's powers or authority under the Plan have been delegated to such Committee.

11.2 **"Applicable Laws"** means the requirements relating to the administration of equity incentive plans under U.S. federal and state securities, tax and other applicable laws, rules and regulations, the applicable rules of any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws and rules of any foreign country or other jurisdiction where Awards are granted.

11.3 **"Award"** means, individually or collectively, a grant under the Plan of Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units or Other Stock or Cash Based Awards.

11.4 **"Award Agreement"** means a written agreement evidencing an Award, which may be electronic, that contains such terms and conditions as the Administrator determines, consistent with and subject to the terms and conditions of the Plan.

11.5 **"Board"** means the Board of Directors of the Company.

11.6 **"Cause"** with respect to a Participant, means "Cause" (or any term of similar effect) as defined in such Participant's employment agreement with the Company if such an agreement exists and contains a definition of Cause (or term of similar effect), or, if no such agreement exists or such agreement does not contain a definition of Cause (or term of similar effect), then Cause shall include, but not be limited to: (i) the Participant's unauthorized use or disclosure of confidential information or trade secrets of the

Company or any material breach of a written agreement between the Participant and the Company, including without limitation a material breach of any employment, confidentiality, non-compete, non-solicit or similar agreement; (ii) the Participant's commission of, indictment for or the entry of a plea of guilty or *nolo contendere* by the Participant to, a felony under the laws of the United States or any state thereof or any crime involving dishonesty or moral turpitude (or any similar crime in any jurisdiction outside the United States); (iii) the Participant's gross negligence or willful misconduct or the Participant's willful or repeated failure or refusal to substantially perform assigned duties; (iv) any act of fraud, embezzlement, material misappropriation or dishonesty committed by the Participant against the Company; or (v) any acts, omissions or statements by a Participant which the Company reasonably determines to be materially detrimental or damaging to the reputation, operations, prospects or business relations of the Company.

11.7 "**Change in Control**" means and includes each of the following:

(a) A transaction or series of transactions (other than an offering of Common Stock to the general public through a registration statement filed with the Securities and Exchange Commission or a transaction or series of transactions that meets the requirements of clauses (i) and (ii) of subsection (c) below) whereby any "person" or related "group" of "persons" (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act) (other than the Company, any of its Subsidiaries, an employee benefit plan maintained by the Company or any of its Subsidiaries or a "person" that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than 50% of the total combined voting power of the Company's securities outstanding immediately after such acquisition; or

(b) During any period of two consecutive years, individuals who, at the beginning of such period, constitute the Board together with any new Director(s) (other than a Director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in subsections (a) or (c)) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the Directors then still in office who either were Directors at the beginning of the two-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

(c) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:

(i) which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "**Successor Entity**")) directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

(ii) after which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (ii) as beneficially owning 50% or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction.

Notwithstanding the foregoing, if a Change in Control constitutes a payment event with respect to any Award (or portion of any Award) that provides for the deferral of compensation that is subject to Section 409A, to the extent required to avoid the imposition of additional taxes under Section 409A, the transaction or event described in subsection (a), (b) or (c) with respect to such Award (or portion thereof) shall only constitute a Change in Control for purposes of the payment timing of such Award if such transaction also constitutes a “change in control event,” as defined in Treasury Regulation Section 1.409A-3(i)(5).

The Administrator shall have full and final authority, which shall be exercised in its discretion, to determine conclusively whether a Change in Control has occurred pursuant to the above definition, the date of the occurrence of such Change in Control and any incidental matters relating thereto; provided that any exercise of authority in conjunction with a determination of whether a Change in Control is a “change in control event” as defined in Treasury Regulation Section 1.409A-3(i)(5) shall be consistent with such regulation.

11.8 “**Code**” means the Internal Revenue Code of 1986, as amended, and the regulations issued thereunder.

11.9 “**Committee**” means one or more committees or subcommittees of the Board, which may include one or more Company directors or executive officers, to the extent Applicable Laws permit. To the extent required to comply with the provisions of Rule 16b-3, it is intended that each member of the Committee will be, at the time the Committee takes any action with respect to an Award that is subject to Rule 16b-3, a “non-employee director” within the meaning of Rule 16b-3; however, a Committee member’s failure to qualify as a “non-employee director” within the meaning of Rule 16b-3 will not invalidate any Award granted by the Committee that is otherwise validly granted under the Plan.

11.10 “**Common Stock**” means the common stock of the Company.

11.11 “**Company**” means Gossamer Bio, Inc., a Delaware corporation, or any successor.

11.12 “**Consultant**” means any person, including any adviser, engaged by the Company or its parent or Subsidiary to render services to such entity if the consultant or adviser: (a) renders bona fide services to the Company; (b) renders services not in connection with the offer or sale of securities in a capital-raising transaction and does not directly or indirectly promote or maintain a market for the Company’s securities; and (c) is a natural person.

11.13 “**Designated Beneficiary**” means the beneficiary or beneficiaries the Participant designates, in a manner the Administrator determines, to receive amounts due or exercise the Participant’s rights if the Participant dies or becomes incapacitated. Without a Participant’s effective designation, “Designated Beneficiary” will mean the Participant’s estate.

11.14 “**Director**” means a Board member.

11.15 “**Disability**” means a permanent and total disability under Section 22(e)(3) of the Code, as amended.

11.16 “**Dividend Equivalents**” means a right granted to a Participant under the Plan to receive the equivalent value (in cash or Shares) of dividends paid on Shares.

11.17 “**Employee**” means any employee of the Company or its Subsidiaries.

11.18 “**Equity Restructuring**” means, as determined by the Administrator, a non-reciprocal transaction between the Company and its stockholders, such as a stock dividend, stock split, spin-off or recapitalization through a large, nonrecurring cash dividend, or other large, nonrecurring cash dividend, that affects the shares of Common Stock (or other securities of the Company) or the share price of Common Stock (or other securities of the Company) and causes a change in the per share value of the Common Stock underlying outstanding Awards.

11.19 “**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

11.20 “**Fair Market Value**” means, as of any date, the value of a share of Common Stock determined as follows: (a) if the Common Stock is listed on any established stock exchange, its Fair Market Value will be the closing sales price for such Common Stock as quoted on such exchange for such date, or if no sale occurred on such date, the last day preceding such date during which a sale occurred, as reported in *The Wall Street Journal* or another source the Administrator deems reliable; (b) if the Common Stock is not traded on a stock exchange but is quoted on a national market or other quotation system, the closing sales price on such date, or if no sales occurred on such date, then on the last date preceding such date during which a sale occurred, as reported in *The Wall Street Journal* or another source the Administrator deems reliable; or (c) without an established market for the Common Stock, the Administrator will determine the Fair Market Value in its discretion. Notwithstanding the foregoing, with respect to any Award granted on the pricing date of the Company’s initial public offering, the Fair Market Value shall mean the initial public offering price of a Share as set forth in the Company’s final prospectus relating to its initial public offering filed with the Securities and Exchange Commission.

11.21 “**Good Reason**” means (a) if a Participant is a party to a written employment or consulting agreement with the Company or any of its Subsidiaries or an Award Agreement in which the term “good reason” is defined, “Good Reason” as defined in such agreement, and (b) if no such agreement exists, (i) a change in the Participant’s position with the Company (or its Subsidiary employing the Participant) that materially reduces the Participant’s authority, duties or responsibilities or the level of management to which he or she reports, (ii) a material diminution in the Participant’s level of compensation (including base salary, fringe benefits and target bonuses under any corporate performance-based incentive programs) or (iii) a relocation of the Participant’s place of employment by more than 50 miles, provided that such change, reduction or relocation is effected by the Company (or its Subsidiary employing the Participant) without the Participant’s consent.

11.22 “**Greater Than 10% Stockholder**” means an individual then owning (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company or its parent or subsidiary corporation, as defined in Section 424(e) and (f) of the Code, respectively.

11.23 “**Incentive Stock Option**” means an Option intended to qualify as an “incentive stock option” as defined in Section 422 of the Code.

11.24 “**Non-Qualified Stock Option**” means an Option not intended or not qualifying as an Incentive Stock Option.

11.25 “**Option**” means an option to purchase Shares, which will either be an Incentive Stock option or a Non-Qualified Stock Option.

11.26 “**Other Stock or Cash Based Awards**” means cash awards, awards of Shares, and other awards valued wholly or partially by referring to, or are otherwise based on, Shares or other property awarded to a Participant under Article VII.

11.27 “**Overall Share Limit**” means the sum of (a) Shares; (b) the number of shares of Common Stock that remain available for issuance under the Prior Plan as of the Effective Date; (c) any shares of Common Stock which are subject to Prior Plan Awards which become available for issuance under the Plan pursuant to Article IV (which number added to the Overall Share Limit pursuant to clauses (b) and (c) shall not exceed shares of Common Stock); and (d) an annual increase on the first day of each calendar year beginning January 1, 2020 and ending on and including January 1, 2029, equal to the lesser of (i) 5% of the aggregate number of shares of Common Stock outstanding on the final day of the immediately preceding calendar year and (ii) such smaller number of Shares as is determined by the Board.

11.28 “**Participant**” means a Service Provider who has been granted an Award.

11.29 “**Performance Criteria**” mean the criteria (and adjustments) that the Administrator may select for an Award to establish performance goals for a performance period, which may include the following: net earnings or losses (either before or after one or more of interest, taxes, depreciation, amortization, and non-cash equity-based compensation expense); gross or net sales or revenue or sales or revenue growth; net income (either before or after taxes) or adjusted net income; profits (including but not limited to gross profits, net profits, profit growth, net operation profit or economic profit), profit return ratios or operating margin; budget or operating earnings (either before or after taxes or before or after allocation of corporate overhead and bonus); cash flow (including operating cash flow and free cash flow or cash flow return on capital); return on assets; return on capital or invested capital; cost of capital; return on stockholders’ equity; total stockholder return; return on sales; costs, reductions in costs and cost control measures; expenses; working capital; earnings or loss per share; adjusted earnings or loss per share; price per share or dividends per share (or appreciation in or maintenance of such price or dividends); regulatory achievements or compliance; implementation, completion or attainment of objectives relating to research, development, regulatory, commercial, or strategic milestones or developments; market share; economic value or economic value added models; division, group or corporate financial goals; customer satisfaction/growth; customer service; employee satisfaction; recruitment and maintenance of personnel; human resources management; supervision of litigation and other legal matters; strategic partnerships and transactions; financial ratios (including those measuring liquidity, activity, profitability or leverage); debt levels or reductions; sales-related goals; financing and other capital raising transactions; cash on hand; acquisition activity; investment sourcing activity; and marketing initiatives, any of which may be measured in absolute terms or as compared to any incremental increase or decrease. Such performance goals also may be based solely by reference to the Company’s performance or the performance of a Subsidiary, division, business segment or business unit of the Company or a Subsidiary, or based upon performance relative to performance of other companies or upon comparisons of any of the indicators of performance relative to performance of other companies.

11.30 “**Plan**” means this 2019 Incentive Award Plan.

11.31 “**Prior Plan**” means the Gossamer Bio, Inc. 2017 Stock Incentive Plan, as amended.

11.32 “**Prior Plan Award**” means an award outstanding under the Prior Plan as of the Plan’s effective date under Section 10.3.

11.33 “**Public Trading Date**” means the first date upon which the Common Stock is listed (or approved for listing) upon notice of issuance on any securities exchange or designated (or approved for designation) upon notice of issuance as a national market security on an interdealer quotation system, or, if earlier, the date on which the Company becomes a “publicly held corporation” for purposes of Treasury Regulation Section 1.162-27(c)(1).

- 11.34 “**Restricted Stock**” means Shares awarded to a Participant under Article VI subject to certain vesting conditions and other restrictions.
- 11.35 “**Restricted Stock Unit**” means an unfunded, unsecured right to receive, on the applicable settlement date, one Share or an amount in cash or other consideration determined by the Administrator to be of equal value as of such settlement date awarded to a Participant under Article VI subject to certain vesting conditions and other restrictions.
- 11.36 “**Rule 16b-3**” means Rule 16b-3 promulgated under the Exchange Act.
- 11.37 “**Section 409A**” means Section 409A of the Code and all regulations, guidance, compliance programs and other interpretative authority thereunder.
- 11.38 “**Securities Act**” means the Securities Act of 1933, as amended.
- 11.39 “**Service Provider**” means an Employee, Consultant or Director.
- 11.40 “**Shares**” means shares of Common Stock.
- 11.41 “**Stock Appreciation Right**” means a stock appreciation right granted under Article V.
- 11.42 “**Subsidiary**” means any entity (other than the Company), whether domestic or foreign, in an unbroken chain of entities beginning with the Company if each of the entities other than the last entity in the unbroken chain beneficially owns, at the time of the determination, securities or interests representing at least 50% of the total combined voting power of all classes of securities or interests in one of the other entities in such chain.
- 11.43 “**Substitute Awards**” shall mean Awards granted or Shares issued by the Company in assumption of, or in substitution or exchange for, awards previously granted, or the right or obligation to make future awards, in each case by a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines.
- 11.44 “**Termination of Service**” means the date the Participant ceases to be a Service Provider.

\* \* \* \* \*

GOSSAMER BIO, INC.

2019 INCENTIVE AWARD PLAN

STOCK OPTION GRANT NOTICE

Capitalized terms not specifically defined in this Stock Option Grant Notice (the “*Grant Notice*”) have the meanings given to them in the 2019 Incentive Award Plan (as amended from time to time, the “*Plan*”) of Gossamer Bio, Inc. (the “*Company*”).

The Company hereby grants to the participant listed below (“*Participant*”) the stock option described in this Grant Notice (the “*Option*”), subject to the terms and conditions of the Plan and the Stock Option Agreement attached hereto as **Exhibit A** (the “*Agreement*”), both of which are incorporated into this Grant Notice by reference.

**Participant:**

**Grant Date:**

**Exercise Price per Share:**

**Shares Subject to the Option:**

**Final Expiration Date:**

**Vesting Commencement Date:**

**Vesting Schedule:** [To be specified in individual award agreements]

**Type of Option**  Incentive Stock Option  Non-Qualified Stock Option

By Participant’s signature below, Participant agrees to be bound by the terms of this Grant Notice, the Plan and the Agreement. Participant has reviewed the Plan, this Grant Notice and the Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice and the Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Agreement.

**GOSSAMER BIO, INC.**

**PARTICIPANT**

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_

## STOCK OPTION AGREEMENT

Capitalized terms not specifically defined in this Agreement have the meanings specified in the Grant Notice or, if not defined in the Grant Notice, in the Plan.

ARTICLE I.  
GENERAL

1.1 Grant of Option. The Company has granted to Participant the Option effective as of the grant date set forth in the Grant Notice (the “**Grant Date**”).

1.2 Incorporation of Terms of Plan. The Option is subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control.

ARTICLE II.  
PERIOD OF EXERCISABILITY

2.1 Commencement of Exercisability. The Option will vest and become exercisable according to the vesting schedule in the Grant Notice (the “**Vesting Schedule**”), except that any fraction of a Share as to which the Option would be vested or exercisable will be accumulated and will vest and become exercisable only when a whole Share has accumulated. The Option shall not be exercisable with respect to fractional Shares. Notwithstanding anything in the Grant Notice, the Plan or this Agreement to the contrary, unless the Administrator otherwise determines, the Option will immediately expire and be forfeited as to any portion that is not vested and exercisable as of Participant’s Termination of Service for any reason.

2.2 Duration of Exercisability. The Vesting Schedule is cumulative. Any portion of the Option which vests and becomes exercisable will remain vested and exercisable until the Option expires. The Option will be forfeited immediately upon its expiration.

2.3 Expiration of Option. Subject to Section 5.3 of the Plan, the Option may not be exercised to any extent by anyone after, and will expire on, the first of the following to occur:

- (a) The final expiration date in the Grant Notice; which shall in no event be more than ten (10) years from the Grant Date;
- (b) If this Option is designated as an Incentive Stock Option and the Participant, at the time the Option was granted, was a Greater Than 10% Stockholder, the expiration of five (5) years from the Grant Date;
- (c) Except as the Administrator may otherwise approve, the expiration of three (3) months from the date of Participant’s Termination of Service, unless Participant’s Termination of Service is for Cause or by reason of Participant’s death or Disability;
- (d) Except as the Administrator may otherwise approve, the expiration of one (1) year from the date of Participant’s Termination of Service by reason of Participant’s death or Disability; and
- (e) Except as the Administrator may otherwise approve, the date of Participant’s Termination of Service for Cause.



**ARTICLE III.  
EXERCISE OF OPTION**

3.1 Person Eligible to Exercise. During Participant's lifetime, only Participant may exercise the Option, unless it has been disposed of, with the consent of the Administrator, pursuant to a domestic relations order. After Participant's death, any exercisable portion of the Option may, prior to the time when the Option becomes unexercisable under Section 2.3 hereof, be exercised by the Participant's Designated Beneficiary or by any person empowered to do so under the deceased Participant's will or under the then applicable laws of descent and distribution.

3.2 Partial Exercise. Any exercisable portion of the Option or the entire Option, if then wholly exercisable, may be exercised, in whole or in part, according to the procedures in the Plan at any time prior to the time the Option or portion thereof expires, except that the Option may only be exercised for whole Shares.

3.3 Tax Withholding.

(a) The Company has the right and option, but not the obligation, to treat Participant's failure to provide timely payment in accordance with the Plan of any withholding tax arising in connection with the Option as Participant's election to satisfy all or any portion of the withholding tax by requesting the Company retain Shares otherwise issuable under the Option.

(b) Participant acknowledges that Participant is ultimately liable and responsible for all taxes owed in connection with the Option, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the Option. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or exercise of the Option or the subsequent sale of Shares. The Company and the Subsidiaries do not commit and are under no obligation to structure the Option to reduce or eliminate Participant's tax liability.

**ARTICLE IV.  
OTHER PROVISIONS**

4.1 Adjustments. Participant acknowledges that the Option is subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan.

4.2 Notices. Any notice to be given under the terms of this Agreement to the Company must be in writing and addressed to the Company in care of the Company's Secretary at the Company's principal office or the Secretary's then-current email address or facsimile number. Any notice to be given under the terms of this Agreement to Participant must be in writing and addressed to Participant (or, if Participant is then deceased, to the person entitled to exercise the Option) at Participant's last known mailing address, email address or facsimile number in the Company's personnel files. By a notice given pursuant to this Section, either party may designate a different address for notices to be given to that party. Any notice will be deemed duly given when actually received, when sent by email, when sent by certified mail (return receipt requested) and deposited with postage prepaid in a post office or branch post office regularly maintained by the United States Postal Service, when delivered by a nationally recognized express shipping company or upon receipt of a facsimile transmission confirmation.

4.3 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

4.4 Conformity to Securities Laws. The Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws and, to the extent Applicable Laws permit, will be deemed amended to the extent necessary to conform to such Applicable Laws.

4.5 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth in the Plan, this Agreement shall be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

4.6 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Grant Notice, this Agreement and the Option will be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent Applicable Laws permit, this Agreement will be deemed amended as necessary to conform to such applicable exemptive rule.

4.7 Entire Agreement. The Plan, the Grant Notice and this Agreement constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

4.8 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held illegal or invalid, the provision will be severable from, and the illegality or invalidity of the provision will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

4.9 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and may not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant will have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the Option, and rights no greater than the right to receive the Shares as a general unsecured creditor with respect to the Option, as and when exercised pursuant to the terms hereof.

4.10 Not a Contract of Employment. Nothing in the Plan, the Grant Notice or this Agreement confers upon Participant any right to continue in the employ or service of the Company or any Subsidiary or interferes with or restricts in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant.

4.11 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which will be deemed an original and all of which together will constitute one instrument.

4.12 Incentive Stock Options. If the Option is designated as an Incentive Stock Option:

(a) Participant acknowledges that to the extent the aggregate fair market value of shares (determined as of the time the option with respect to the shares is granted) with respect to which stock options intended to qualify as "incentive stock options" under Section 422 of the Code, including the

Option, are exercisable for the first time by Participant during any calendar year exceeds \$100,000 or if for any other reason such stock options do not qualify or cease to qualify for treatment as “incentive stock options” under Section 422 of the Code, such stock options (including the Option) will be treated as non-qualified stock options. Participant further acknowledges that the rule set forth in the preceding sentence will be applied by taking the Option and other stock options into account in the order in which they were granted, as determined under Section 422(d) of the Code. Participant acknowledges that amendments or modifications made to the Option pursuant to the Plan that would cause the Option to become a Non-Qualified Stock Option will not materially or adversely affect Participant’s rights under the Option, and that any such amendment or modification shall not require Participant’s consent. Participant also acknowledges that if the Option is exercised more than three (3) months after Participant’s Termination of Service as an Employee, other than by reason of death or disability, the Option will be taxed as a Non-Qualified Stock Option.

(b) Participant will give prompt written notice to the Company of any disposition or other transfer of any Shares acquired under this Agreement if such disposition or other transfer is made (a) within two (2) years from the Grant Date or (b) within one (1) year after the transfer of such Shares to Participant. Such notice will specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by Participant in such disposition or other transfer.

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GOSSAMER BIO, INC.  
2019 EMPLOYEE STOCK PURCHASE PLAN

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**ARTICLE I.  
PURPOSE**

The purposes of this Gossamer Bio, Inc. 2019 Employee Stock Purchase Plan (as it may be amended or restated from time to time, the “**Plan**”) are to assist Eligible Employees of Gossamer Bio, Inc., a Delaware corporation (the “**Company**”), and its Designated Subsidiaries in acquiring a stock ownership interest in the Company pursuant to a plan which is intended to qualify as an “employee stock purchase plan” within the meaning of Section 423(b) of the Code, and to help Eligible Employees provide for their future security and to encourage them to remain in the employment of the Company and its Designated Subsidiaries.

**ARTICLE II.  
DEFINITIONS AND CONSTRUCTION**

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates. Masculine, feminine and neuter pronouns are used interchangeably and each comprehends the others.

2.1 “**Administrator**” means the entity that conducts the general administration of the Plan as provided in Article XI. The term “Administrator” shall refer to the Committee unless the Board has assumed the authority for administration of the Plan as provided in Article XI.

2.2 “**Applicable Law**” means the requirements relating to the administration of equity incentive plans under U.S. federal and state securities, tax and other applicable laws, rules and regulations, the applicable rules of any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws and rules of any foreign country or other jurisdiction where rights under this Plan are granted.

2.3 “**Board**” means the Board of Directors of the Company.

2.4 “**Change in Control**” means and include each of the following:

(a) A transaction or series of transactions (other than an offering of Common Stock to the general public through a registration statement filed with the Securities and Exchange Commission or a transaction or series of transactions that meets the requirements of clauses (i) and (ii) of subsection (c) below) whereby any “person” or related “group” of “persons” (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act) (other than the Company, any of its Subsidiaries, an employee benefit plan maintained by the Company or any of its Subsidiaries or a “person” that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than 50% of the total combined voting power of the Company’s securities outstanding immediately after such acquisition; or

(b) During any period of two consecutive years, individuals who, at the beginning of such period, constitute the Board together with any new Director(s) (other than a Director designated by a

person who shall have entered into an agreement with the Company to effect a transaction described in subsections (a) or (c) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the Directors then still in office who either were Directors at the beginning of the two-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

(c) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:

(i) which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "**Successor Entity**")) directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

(ii) after which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (ii) as beneficially owning 50% or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction.

The Administrator shall have full and final authority, which shall be exercised in its sole discretion, to determine conclusively whether a Change in Control has occurred pursuant to the above definition, the date of such Change in Control and any incidental matters relating thereto.

2.5 "**Code**" means the Internal Revenue Code of 1986, as amended and the regulations issued thereunder.

2.6 "**Common Stock**" means the common stock of the Company and such other securities of the Company that may be substituted therefor pursuant to Article VIII.

2.7 "**Company**" means Gossamer Bio, Inc., a Delaware corporation.

2.8 "**Compensation**" of an Eligible Employee means the gross base compensation received by such Eligible Employee as compensation for services to the Company or any Designated Subsidiary, including prior week adjustment and overtime payments but excluding vacation pay, holiday pay, jury duty pay, funeral leave pay, military leave pay, commissions, incentive compensation, one-time bonuses (e.g., retention or sign on bonuses), education or tuition reimbursements, travel expenses, business and moving reimbursements, income received in connection with any stock options, stock appreciation rights, restricted stock, restricted stock units or other compensatory equity awards, fringe benefits, other special payments and all contributions made by the Company or any Designated Subsidiary for the Employee's benefit under any employee benefit plan now or hereafter established.

2.9 "**Designated Subsidiary**" means any Subsidiary designated by the Administrator in accordance with Section 11.3(b).

2.10 “**Director**” means a Board member.

2.11 “**Effective Date**” means the day prior to the Public Trading Date, provided that the Board has adopted the Plan prior to or on such date.

2.12 “**Eligible Employee**” means an Employee who does not, immediately after any rights under this Plan are granted, own (directly or through attribution) stock possessing 5% or more of the total combined voting power or value of all classes of Common Stock and other stock of the Company, a Parent or a Subsidiary (as determined under Section 423(b)(3) of the Code). For purposes of the foregoing sentence, the rules of Section 424(d) of the Code with regard to the attribution of stock ownership shall apply in determining the stock ownership of an individual, and stock that an Employee may purchase under outstanding options shall be treated as stock owned by the Employee; provided, however, that the Administrator may provide in an Offering Document that an Employee shall not be eligible to participate in an Offering Period if: (a) such Employee is a highly compensated employee within the meaning of Section 423(b)(4)(D) of the Code, (b) such Employee has not met a service requirement designated by the Administrator pursuant to Section 423(b)(4)(A) of the Code (which service requirement may not exceed two years), (c) such Employee’s customary employment is for twenty hours or less per week, (d) such Employee’s customary employment is for less than five months in any calendar year and/or (e) such Employee is a citizen or resident of a foreign jurisdiction and the grant of a right to purchase Common Stock under the Plan to such Employee would be prohibited under the laws of such foreign jurisdiction or the grant of a right to purchase Common Stock under the Plan to such Employee in compliance with the laws of such foreign jurisdiction would cause the Plan to violate the requirements of Section 423 of the Code, as determined by the Administrator in its sole discretion; provided, further, that any exclusion in clauses (a), (b), (c), (d) or (e) shall be applied in an identical manner under each Offering Period to all Employees, in accordance with Treasury Regulation Section 1.423-2(e).

2.13 “**Employee**” means any officer or other employee (as defined in accordance with Section 3401(c) of the Code) of the Company or any Designated Subsidiary. “Employee” shall not include any director of the Company or a Designated Subsidiary who does not render services to the Company or a Designated Subsidiary as an employee within the meaning of Section 3401(c) of the Code. For purposes of the Plan, the employment relationship shall be treated as continuing intact while the individual is on sick leave or other leave of absence approved by the Company or Designated Subsidiary and meeting the requirements of Treasury Regulation Section 1.421-1(h)(2). Where the period of leave exceeds three months and the individual’s right to reemployment is not guaranteed either by statute or by contract, the employment relationship shall be deemed to have terminated on the first day immediately following such three-month period.

2.14 “**Enrollment Date**” means the first day of each Offering Period (or, with respect to the Initial Offering Period, such date set forth in the Offering Document approved by the Administrator with respect to the Initial Offering Period).

2.15 “**Exchange Act**” means the Securities Exchange Act of 1934, as amended from time to time.

2.16 “**Fair Market Value**” means, as of any date, the value of a share of Common Stock determined as follows: (a) if the Common Stock is listed on any established stock exchange, its Fair Market Value will be the closing sales price for such Common Stock as quoted on such exchange for such date, or if no sale occurred on such date, the last day preceding such date during which a sale occurred, as reported in *The Wall Street Journal* or another source the Administrator deems reliable; (b) if the Common Stock is not traded on a stock exchange but is quoted on a national market or other quotation system, the closing sales price on such date, or if no sales occurred on such date, then on the last date preceding such date

during which a sale occurred, as reported in *The Wall Street Journal* or another source the Administrator deems reliable; or (c) without an established market for the Common Stock, the Administrator will determine the Fair Market Value in its discretion; or (d) with respect to the Initial Offering Period, the Fair Market Value as specified in the Offering Document approved by the Administrator with respect to the Initial Offering Period.

2.17 “**Grant Date**” means the first Trading Day of an Offering Period (or, with respect to the Initial Offering Period, such date set forth in the Offering Document approved by the Administrator with respect to the Initial Offering Period).

2.18 “**Initial Offering Period**” shall mean the period commencing on the Effective Date and ending the date set forth in the Offering Document approved by the Administrator with respect to the Initial Offering Period.

2.19 “**Offering Document**” shall have the meaning given to such term in Section 4.1.

2.20 “**Offering Period**” shall have the meaning given to such term in Section 4.1.

2.21 “**Parent**” means any corporation, other than the Company, in an unbroken chain of corporations ending with the Company if, at the time of the determination, each of the corporations other than the Company owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

2.22 “**Participant**” means any Eligible Employee who has executed a subscription agreement and been granted rights to purchase Common Stock pursuant to the Plan.

2.23 “**Plan**” means this Gossamer Bio, Inc. 2019 Employee Stock Purchase Plan, as it may be amended from time to time.

2.24 “**Public Trading Date**” means the first date upon which the Common Stock is listed (or approved for listing) upon notice of issuance on any securities exchange or designated (or approved for designation) upon notice of issuance as a national market security on an interdealer quotation system, or, if earlier, the date on which the Company becomes a “publicly held corporation” for purposes of Treasury Regulation Section 1.162-27(c)(1).

2.25 “**Purchase Date**” means the last Trading Day of each Purchase Period.

2.26 “**Purchase Period**” shall refer to one or more periods within an Offering Period, as designated in the applicable Offering Document; provided, however, that, in the event no Purchase Period is designated by the Administrator in the applicable Offering Document, the Purchase Period for each Offering Period covered by such Offering Document shall be the same as the applicable Offering Period.

2.27 “**Purchase Price**” means the purchase price designated by the Administrator in the applicable Offering Document (which purchase price shall not be less than 85% of the Fair Market Value of a Share on the Grant Date or on the Purchase Date, whichever is lower); provided, however, that, in the event no purchase price is designated by the Administrator in the applicable Offering Document, the purchase price for the Offering Periods covered by such Offering Document shall be 85% of the Fair Market Value of a Share on the Grant Date or on the Purchase Date, whichever is lower; provided, further, that the Purchase Price may be adjusted by the Administrator pursuant to Article VIII and shall not be less than the par value of a Share.

2.28 “**Securities Act**” means the Securities Act of 1933, as amended.

2.29 “**Share**” means a share of Common Stock.

2.30 “**Subsidiary**” means any corporation, other than the Company, in an unbroken chain of corporations beginning with the Company if, at the time of the determination, each of the corporations other than the last corporation in an unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain; provided, however, that a limited liability company or partnership may be treated as a Subsidiary to the extent either (a) such entity is treated as a disregarded entity under Treasury Regulation Section 301.7701-3(a) by reason of the Company or any other Subsidiary that is a corporation being the sole owner of such entity, or (b) such entity elects to be classified as a corporation under Treasury Regulation Section 301.7701-3(a) and such entity would otherwise qualify as a Subsidiary.

2.31 “**Trading Day**” means a day on which national stock exchanges in the United States are open for trading.

### **ARTICLE III. SHARES SUBJECT TO THE PLAN**

3.1 Number of Shares. Subject to Article VIII, the aggregate number of Shares that may be issued pursuant to rights granted under the Plan shall be Shares. In addition to the foregoing, subject to Article VIII, on the first day of each calendar year beginning on January 1, 2019 and ending on and including January 1, 2029, the number of Shares available for issuance under the Plan shall be increased by that number of Shares equal to the lesser of (a) 1% of the Shares outstanding on the final day of the immediately preceding calendar year, and (b) such smaller number of Shares as determined by the Board. If any right granted under the Plan shall for any reason terminate without having been exercised, the Common Stock not purchased under such right shall again become available for issuance under the Plan. Notwithstanding anything in this Section 3.1 to the contrary, the number of Shares that may be issued or transferred pursuant to the rights granted under the Plan shall not exceed an aggregate of \_\_\_\_\_ Shares, subject to Article 8.

3.2 Stock Distributed. Any Common Stock distributed pursuant to the Plan may consist, in whole or in part, of authorized and unissued Common Stock, treasury stock or Common Stock purchased on the open market.

### **ARTICLE IV. OFFERING PERIODS; OFFERING DOCUMENTS; PURCHASE DATES**

4.1 Offering Periods. The Administrator may from time to time grant or provide for the grant of rights to purchase Common Stock under the Plan to Eligible Employees during one or more periods (each, an “**Offering Period**”) selected by the Administrator. The terms and conditions applicable to each Offering Period shall be set forth in an “**Offering Document**” adopted by the Administrator, which Offering Document shall be in such form and shall contain such terms and conditions as the Administrator shall deem appropriate and shall be incorporated by reference into and made part of the Plan and shall be attached hereto as part of the Plan. The Administrator shall establish in each Offering Document one or more Purchase Periods during such Offering Period during which rights granted under the Plan shall be exercised and purchases of Shares carried out during such Offering Period in accordance with such Offering Document and the Plan. The provisions of separate Offering Periods under the Plan need not be identical.



4.2 Offering Documents. Each Offering Document with respect to an Offering Period shall specify (through incorporation of the provisions of this Plan by reference or otherwise):

- (a) the length of the Offering Period, which period shall not exceed twenty-seven months;
- (b) the length of the Purchase Period(s) within the Offering Period;
- (c) the maximum number of Shares that may be purchased by any Eligible Employee during such Offering Period, which, in the absence of a contrary designation by the Administrator, shall be \_\_\_\_\_ Shares;
- (d) in connection with each Offering Period that contains more than one Purchase Period, the maximum aggregate number of shares which may be purchased by any Eligible Employee during each Purchaser Period, which, in the absence of a contrary designation by the Administrator, shall be \_\_\_\_\_ Shares; and
- (e) such other provisions as the Administrator determines are appropriate, subject to the Plan.

## **ARTICLE V. ELIGIBILITY AND PARTICIPATION**

5.1 Eligibility. Any Eligible Employee who shall be employed by the Company or a Designated Subsidiary on a given Enrollment Date for an Offering Period shall be eligible to participate in the Plan during such Offering Period, subject to the requirements of this Article V and the limitations imposed by Section 423(b) of the Code.

### 5.2 Enrollment in Plan.

(a) Except as otherwise set forth in an Offering Document or determined by the Administrator, an Eligible Employee may become a Participant in the Plan for an Offering Period by delivering a subscription agreement to the Company by such time prior to the Enrollment Date for such Offering Period (or such other date specified in the Offering Document) designated by the Administrator and in such form as the Company provides.

(b) Each subscription agreement shall designate a whole percentage of such Eligible Employee's Compensation to be withheld by the Company or the Designated Subsidiary employing such Eligible Employee on each payday during the Offering Period as payroll deductions under the Plan or, if permitted by the Administrator, contributions to be made by such Eligible Employee. The designated percentage may not be less than 1% and may not be more than the maximum percentage specified by the Administrator in the applicable Offering Document (which percentage shall be 20% in the absence of any such designation). The payroll deductions or, if permitted by the Administrator, contributions made for each Participant shall be credited to an account for such Participant under the Plan and shall be deposited with the general funds of the Company.

(c) A Participant may increase or decrease the percentage of Compensation designated in his or her subscription agreement, subject to the limits of this Section 5.2, or may suspend his or her payroll deductions, or, if permitted by the Administrator, contributions, at any time during an Offering Period; provided, however, that the Administrator may limit the number of changes a Participant may make to his or her payroll deduction elections or, if permitted by the Administrator, contributions, during each Offering Period in the applicable Offering Document (and in the absence of any specific designation by the Administrator, a Participant shall be allowed one change to his or her payroll deduction elections or, if

permitted by the Administrator, contributions, during each Offering Period). Any such change or suspension of payroll deductions, or, if permitted by the Administrator, contributions, shall be effective with the first full payroll period that is at least five business days after the Company's receipt of the new subscription agreement (or such shorter or longer period as may be specified by the Administrator in the applicable Offering Document). In the event a Participant suspends his or her payroll deductions or contributions, such Participant's cumulative payroll deductions or contributions prior to the suspension shall remain in his or her account and shall be applied to the purchase of Shares on the next occurring Purchase Date and shall not be paid to such Participant unless he or she withdraws from participation in the Plan pursuant to Article VII.

(d) Except as set forth in Section 5.8, as otherwise set forth in an Offering Document or determined by the Administrator, a Participant may participate in the Plan only by means of payroll deduction and may not make contributions by lump sum payment for any Offering Period.

5.3 Payroll Deductions. Except as otherwise provided in the applicable Offering Document or Section 5.8, payroll deductions for a Participant shall commence on the first payroll following the Enrollment Date and shall end on the last payroll in the Offering Period to which the Participant's authorization is applicable, unless sooner terminated by the Participant as provided in Article VII or suspended by the Participant or the Administrator as provided in Section 5.2 and Section 5.6, respectively.

5.4 Effect of Enrollment. A Participant's completion of a subscription agreement will enroll such Participant in the Plan for each subsequent Offering Period on the terms contained therein until the Participant either submits a new subscription agreement, withdraws from participation under the Plan as provided in Article VII or otherwise becomes ineligible to participate in the Plan.

5.5 Limitation on Purchase of Common Stock. An Eligible Employee may be granted rights under the Plan only if such rights, together with any other rights granted to such Eligible Employee under "employee stock purchase plans" of the Company, any Parent or any Subsidiary, as specified by Section 423(b)(8) of the Code, do not permit such employee's rights to purchase stock of the Company or any Parent or Subsidiary to accrue at a rate that exceeds \$25,000 of the fair market value of such stock (determined as of the time which such rights are granted) for each calendar year in which such rights are outstanding at any time. This limitation shall be applied in accordance with Section 423(b)(8) of the Code.

5.6 Decrease or Suspension of Payroll Deductions or Contributions. Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b)(8) of the Code and Section 5.5 or the other limitations set forth in this Plan, a Participant's payroll deductions or contributions may be suspended or discontinued by the Administrator at any time during an Offering Period. The balance of the amount credited to the account of each Participant that has not been applied to the purchase of Shares by reason of Section 423(b)(8) of the Code, Section 5.5 or the other limitations set forth in this Plan shall be paid to such Participant in one lump sum in cash as soon as reasonably practicable after the Purchase Date.

5.7 Foreign Employees. In order to facilitate participation in the Plan, the Administrator may provide for such special terms applicable to Participants who are citizens or residents of a foreign jurisdiction, or who are employed by a Designated Subsidiary outside of the United States, as the Administrator may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. Such special terms may not be more favorable than the terms of rights granted under the Plan to Eligible Employees who are residents of the United States. Moreover, the Administrator may approve such supplements to, or amendments, restatements or alternative versions of, this Plan as it may consider necessary or appropriate for such purposes without thereby affecting the terms of this Plan as in effect for any other purpose. No such special terms, supplements, amendments or restatements shall include any provisions that are inconsistent with the terms of this Plan as then in effect unless this Plan could have been amended to eliminate such inconsistency without further approval by the stockholders of the Company.

5.8 Leave of Absence. During leaves of absence approved by the Company meeting the requirements of Treasury Regulation Section 1.421-1(h)(2) under the Code, a Participant may continue participation in the Plan by making cash payments to the Company on his or her normal payday equal to his or her authorized payroll deduction.

## ARTICLE VI. GRANT AND EXERCISE OF RIGHTS

6.1 Grant of Rights. On the Grant Date of each Offering Period, each Eligible Employee participating in such Offering Period shall be granted a right to purchase the maximum number of Shares specified under Section 4.2, subject to the limits in Section 5.5, and shall have the right to buy, on each Purchase Date during such Offering Period (at the applicable Purchase Price), such number of whole Shares as is determined by dividing (a) such Participant's payroll deductions or permitted contributions accumulated prior to such Purchase Date and retained in the Participant's account as of the Purchase Date, by (b) the applicable Purchase Price (rounded down to the nearest Share). The right shall expire on the earlier of: (x) the last Purchase Date of the Offering Period, (y) last day of the Offering Period and (z) the date on which the Participant withdraws in accordance with Section 7.1 or Section 7.3.

6.2 Exercise of Rights. On each Purchase Date, each Participant's accumulated payroll deductions or permitted contributions and any other additional payments specifically provided for in the applicable Offering Document will be applied to the purchase of whole Shares, up to the maximum number of Shares permitted pursuant to the terms of the Plan and the applicable Offering Document, at the Purchase Price. No fractional Shares shall be issued upon the exercise of rights granted under the Plan, unless the Offering Document specifically provides otherwise. Any cash in lieu of fractional Shares remaining after the purchase of whole Shares upon exercise of a purchase right will be credited to a Participant's account and returned to the Participant in one lump sum payment in a subsequent payroll check as soon as practicable after the Exercise Date, unless the Administrator provides that such amounts should be rolled over to the next occurring Offering Period in the applicable Offering Document. Shares issued pursuant to the Plan may be evidenced in such manner as the Administrator may determine and may be issued in certificated form or issued pursuant to book-entry procedures.

6.3 Pro Rata Allocation of Shares. If the Administrator determines that, on a given Purchase Date, the number of Shares with respect to which rights are to be exercised may exceed (a) the number of Shares that were available for issuance under the Plan on the Enrollment Date of the applicable Offering Period, or (b) the number of Shares available for issuance under the Plan on such Purchase Date, the Administrator may in its sole discretion provide that the Company shall make a pro rata allocation of the Shares available for purchase on such Enrollment Date or Purchase Date, as applicable, in as uniform a manner as shall be practicable and as it shall determine in its sole discretion to be equitable among all Participants for whom rights to purchase Common Stock are to be exercised pursuant to this Article VI on such Purchase Date, and shall either (i) continue all Offering Periods then in effect, or (ii) terminate any or all Offering Periods then in effect pursuant to Article IX. The Company may make pro rata allocation of the Shares available on the Enrollment Date of any applicable Offering Period pursuant to the preceding sentence, notwithstanding any authorization of additional Shares for issuance under the Plan by the Company's stockholders subsequent to such Enrollment Date. The balance of the amount credited to the account of each Participant that has not been applied to the purchase of Shares shall be paid to such Participant in one lump sum in cash as soon as reasonably practicable after the Purchase Date.

6.4 Withholding. At the time a Participant's rights under the Plan are exercised, in whole or in

part, or at the time some or all of the Common Stock issued under the Plan is disposed of, the Participant must make adequate provision for the Company's federal, state, or other tax withholding obligations, if any, that arise upon the exercise of the right or the disposition of the Common Stock. At any time, the Company may, but shall not be obligated to, withhold from the Participant's compensation the amount necessary for the Company to meet applicable withholding obligations, including any withholding required to make available to the Company any tax deductions or benefits attributable to sale or early disposition of Common Stock by the Participant.

6.5 Conditions to Issuance of Common Stock. The Company shall not be required to issue or deliver any certificate or certificates for, or make any book entries evidencing, Shares purchased upon the exercise of rights under the Plan prior to fulfillment of all of the following conditions:

- (a) The admission of such Shares to listing on all stock exchanges, if any, on which the Common Stock is then listed;
- (b) The completion of any registration or other qualification of such Shares under any state or federal law or under the rulings or regulations of the Securities and Exchange Commission or any other governmental regulatory body, that the Administrator shall, in its absolute discretion, deem necessary or advisable;
- (c) The obtaining of any approval or other clearance from any state or federal governmental agency that the Administrator shall, in its absolute discretion, determine to be necessary or advisable;
- (d) The payment to the Company of all amounts that it is required to withhold under federal, state or local law upon exercise of the rights, if any; and
- (e) The lapse of such reasonable period of time following the exercise of the rights as the Administrator may from time to time establish for reasons of administrative convenience.

## **ARTICLE VII. WITHDRAWAL; CESSATION OF ELIGIBILITY**

7.1 Withdrawal. A Participant may withdraw all but not less than all of the payroll deductions or contributions credited to his or her account and not yet used to exercise his or her rights under the Plan at any time by giving written notice to the Company in a form acceptable to the Company no later than one week prior to the end of the Offering Period (or such shorter or longer period specified by the Administrator in the Offering Document). All of the Participant's payroll deductions credited to his or her account or contributions made by the Participant during an Offering Period shall be paid to such Participant as soon as reasonably practicable after receipt of notice of withdrawal and such Participant's rights for the Offering Period shall be automatically terminated, and no further payroll deductions for the purchase of Shares shall be made or contributions accepted for such Offering Period. If a Participant withdraws from an Offering Period, payroll deductions shall not resume at the beginning of the next Offering Period unless the Participant timely delivers to the Company a new subscription agreement.

7.2 Future Participation. A Participant's withdrawal from an Offering Period shall not have any effect upon his or her eligibility to participate in any similar plan that may hereafter be adopted by the Company or a Designated Subsidiary or in subsequent Offering Periods that commence after the termination of the Offering Period from which the Participant withdraws.

7.3 Cessation of Eligibility. Upon a Participant's ceasing to be an Eligible Employee for any reason, he or she shall be deemed to have elected to withdraw from the Plan pursuant to this Article VII

and the payroll deductions credited to such Participant's account or contributions made by such Participant during the Offering Period shall be paid to such Participant or, in the case of his or her death, to the person or persons entitled thereto under Section 12.4, as soon as reasonably practicable, and such Participant's rights for the Offering Period shall be automatically terminated.

**ARTICLE VIII.**  
**ADJUSTMENTS UPON CHANGES IN STOCK**

8.1 Changes in Capitalization. Subject to Section 8.3, in the event that the Administrator determines that any dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), Change in Control, reorganization, merger, amalgamation, consolidation, combination, repurchase, recapitalization, liquidation, dissolution, or sale, transfer, exchange or other disposition of all or substantially all of the assets of the Company, or sale or exchange of Common Stock or other securities of the Company, issuance of warrants or other rights to purchase Common Stock or other securities of the Company, or other similar corporate transaction or event, as determined by the Administrator, affects the Common Stock such that an adjustment is determined by the Administrator to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended by the Company to be made available under the Plan or with respect to any outstanding purchase rights under the Plan, the Administrator shall make equitable adjustments, if any, to reflect such change with respect to (a) the aggregate number and type of Shares (or other securities or property) that may be issued under the Plan (including, but not limited to, adjustments of the limitations in Section 3.1 and the limitations established in each Offering Document pursuant to Section 4.2 on the maximum number of Shares that may be purchased); (b) the class(es) and number of Shares and price per Share subject to outstanding rights; and (c) the Purchase Price with respect to any outstanding rights.

8.2 Other Adjustments. Subject to Section 8.3, in the event of any transaction or event described in Section 8.1 or any unusual or nonrecurring transactions or events affecting the Company, any affiliate of the Company, or the financial statements of the Company or any affiliate (including without limitation any Change in Control), or of changes in Applicable Law or accounting principles, the Administrator, in its discretion, and on such terms and conditions as it deems appropriate, is hereby authorized to take any one or more of the following actions whenever the Administrator determines that such action is appropriate in order to prevent the dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to any right under the Plan, to facilitate such transactions or events or to give effect to such changes in laws, regulations or principles:

(a) To provide for either (i) termination of any outstanding right in exchange for an amount of cash, if any, equal to the amount that would have been obtained upon the exercise of such right had such right been currently exercisable or (ii) the replacement of such outstanding right with other rights or property selected by the Administrator in its sole discretion;

(b) To provide that the outstanding rights under the Plan shall be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar rights covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices;

(c) To make adjustments in the number and type of Shares (or other securities or property) subject to outstanding rights under the Plan and/or in the terms and conditions of outstanding rights and rights that may be granted in the future;

(d) To provide that Participants' accumulated payroll deductions or contributions may be used to purchase Common Stock prior to the next occurring Purchase Date on such date as the Administrator determines in its sole discretion and the Participants' rights under the ongoing Offering Period(s) shall be terminated; and

(e) To provide that all outstanding rights shall terminate without being exercised.

8.3 No Adjustment Under Certain Circumstances. No adjustment or action described in this Article VIII or in any other provision of the Plan shall be authorized to the extent that such adjustment or action would cause the Plan to fail to satisfy the requirements of Section 423 of the Code.

8.4 No Other Rights. Except as expressly provided in the Plan, no Participant shall have any rights by reason of any subdivision or consolidation of shares of stock of any class, the payment of any dividend, any increase or decrease in the number of shares of stock of any class or any dissolution, liquidation, merger, or consolidation of the Company or any other corporation. Except as expressly provided in the Plan or pursuant to action of the Administrator under the Plan, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number of Shares subject to outstanding rights under the Plan or the Purchase Price with respect to any outstanding rights.

## **ARTICLE IX. AMENDMENT, MODIFICATION AND TERMINATION**

9.1 Amendment, Modification and Termination. The Administrator may amend, suspend or terminate the Plan at any time and from time to time; provided, however, that approval of the Company's stockholders shall be required to amend the Plan to: (a) increase the aggregate number, or change the type, of shares that may be sold pursuant to rights under the Plan under Section 3.1 (other than an adjustment as provided by Article VIII); (b) change the corporations or classes of corporations whose employees may be granted rights under the Plan; or (c) change the Plan in any manner that would cause the Plan to no longer be an "employee stock purchase plan" within the meaning of Section 423(b) of the Code.

9.2 Certain Changes to Plan. Without stockholder consent and without regard to whether any Participant rights may be considered to have been adversely affected, to the extent permitted by Section 423 of the Code, the Administrator shall be entitled to change or terminate the Offering Periods, limit the frequency and/or number of changes in the amount withheld from Compensation during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit payroll withholding in excess of the amount designated by a Participant in order to adjust for delays or mistakes in the Company's processing of payroll withholding elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each Participant properly correspond with amounts withheld from the Participant's Compensation, and establish such other limitations or procedures as the Administrator determines in its sole discretion to be advisable that are consistent with the Plan.

9.3 Actions In the Event of Unfavorable Financial Accounting Consequences. In the event the Administrator determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Administrator may, in its discretion and, to the extent necessary or desirable, modify or amend the Plan to reduce or eliminate such accounting consequence including, but not limited to:

(a) altering the Purchase Price for any Offering Period including an Offering Period underway at the time of the change in Purchase Price;

(b) shortening any Offering Period so that the Offering Period ends on a new Purchase Date, including an Offering Period underway at the time of the Administrator action; and

(c) allocating Shares.

Such modifications or amendments shall not require stockholder approval or the consent of any Participant.

9.4 Payments Upon Termination of Plan. Upon termination of the Plan, the balance in each Participant's Plan account shall be refunded as soon as practicable after such termination, without any interest thereon.

#### **ARTICLE X. TERM OF PLAN**

The Plan shall be effective on the Effective Date. The effectiveness of the Plan shall be subject to approval of the Plan by the stockholders of the Company within twelve months following the date the Plan is first approved by the Board. No right may be granted under the Plan prior to such stockholder approval. The Plan shall be in effect until terminated under Section 9.1 hereof. No rights may be granted under the Plan during any period of suspension of the Plan or after termination of the Plan.

#### **ARTICLE XI. ADMINISTRATION**

11.1 Administrator. Unless otherwise determined by the Board, the Administrator of the Plan shall be the Compensation Committee of the Board (or another committee or a subcommittee of the Board to which the Board delegates administration of the Plan) (such committee, the "**Committee**"). The Board may at any time vest in the Board any authority or duties for administration of the Plan.

11.2 Action by the Administrator. Unless otherwise established by the Board or in any charter of the Administrator, a majority of the Administrator shall constitute a quorum. The acts of a majority of the members present at any meeting at which a quorum is present and, subject to Applicable Law and the Bylaws of the Company, acts approved in writing by a majority of the Administrator in lieu of a meeting, shall be deemed the acts of the Administrator. Each member of the Administrator is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other employee of the Company or any Designated Subsidiary, the Company's independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

11.3 Authority of Administrator. The Administrator shall have the power, subject to, and within the limitations of, the express provisions of the Plan:

(a) To determine when and how rights to purchase Common Stock shall be granted and the provisions of each offering of such rights (which need not be identical).

(b) To designate from time to time which Subsidiaries of the Company shall be Designated Subsidiaries, which designation may be made without the approval of the stockholders of the Company.

(c) To construe and interpret the Plan and rights granted under it, and to establish, amend and revoke rules and regulations for its administration. The Administrator, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan, in a manner and to the extent it shall deem necessary or expedient to make the Plan fully effective.

(d) To amend, suspend or terminate the Plan as provided in Article IX.

(e) Generally, to exercise such powers and to perform such acts as the Administrator deems necessary or expedient to promote the best interests of the Company and its Subsidiaries and to carry out the intent that the Plan be treated as an “employee stock purchase plan” within the meaning of Section 423 of the Code.

11.4 Decisions Binding. The Administrator’s interpretation of the Plan, any rights granted pursuant to the Plan, any subscription agreement and all decisions and determinations by the Administrator with respect to the Plan are final, binding, and conclusive on all parties.

## **ARTICLE XII. MISCELLANEOUS**

12.1 Restriction upon Assignment. A right granted under the Plan shall not be transferable other than by will or the applicable laws of descent and distribution, and is exercisable during the Participant’s lifetime only by the Participant. Except as provided in Section 12.4 hereof, a right under the Plan may not be exercised to any extent except by the Participant. The Company shall not recognize and shall be under no duty to recognize any assignment or alienation of the Participant’s interest in the Plan, the Participant’s rights under the Plan or any rights thereunder.

12.2 Rights as a Stockholder. With respect to Shares subject to a right granted under the Plan, a Participant shall not be deemed to be a stockholder of the Company, and the Participant shall not have any of the rights or privileges of a stockholder, until such Shares have been issued to the Participant or his or her nominee following exercise of the Participant’s rights under the Plan. No adjustments shall be made for dividends (ordinary or extraordinary, whether in cash securities, or other property) or distribution or other rights for which the record date occurs prior to the date of such issuance, except as otherwise expressly provided herein or as determined by the Administrator.

12.3 Interest. No interest shall accrue on the payroll deductions or contributions of a Participant under the Plan.

12.4 Designation of Beneficiary.

(a) A Participant may, in the manner determined by the Administrator, file a written designation of a beneficiary who is to receive any Shares and/or cash, if any, from the Participant’s account under the Plan in the event of such Participant’s death subsequent to a Purchase Date on which the Participant’s rights are exercised but prior to delivery to such Participant of such Shares and cash. In addition, a Participant may file a written designation of a beneficiary who is to receive any cash from the Participant’s account under the Plan in the event of such Participant’s death prior to exercise of the Participant’s rights under the Plan. If the Participant is married and resides in a community property state, a designation of a person other than the Participant’s spouse as his or her beneficiary shall not be effective without the prior written consent of the Participant’s spouse.

(b) Such designation of beneficiary may be changed by the Participant at any time by written notice to the Company. In the event of the death of a Participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such Participant’s death, the Company shall deliver such Shares and/or cash to the executor or administrator of the estate of the Participant, or if no such



executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such Shares and/or cash to the spouse or to any one or more dependents or relatives of the Participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

12.5 Notices. All notices or other communications by a Participant to the Company under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

12.6 Equal Rights and Privileges. Subject to Section 5.7, all Eligible Employees will have equal rights and privileges under this Plan so that this Plan qualifies as an "employee stock purchase plan" within the meaning of Section 423 of the Code. Subject to Section 5.7, any provision of this Plan that is inconsistent with Section 423 of the Code will, without further act or amendment by the Company, the Board or the Administrator, be reformed to comply with the equal rights and privileges requirement of Section 423 of the Code.

12.7 Use of Funds. All payroll deductions or contributions received or held by the Company under the Plan may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate such payroll deductions or contributions.

12.8 Reports. Statements of account shall be given to Participants at least annually, which statements shall set forth the amounts of payroll deductions or contributions, the Purchase Price, the number of Shares purchased and the remaining cash balance, if any.

12.9 No Employment Rights. Nothing in the Plan shall be construed to give any person (including any Eligible Employee or Participant) the right to remain in the employ of the Company or any Parent or Subsidiary or affect the right of the Company or any Parent or Subsidiary to terminate the employment of any person (including any Eligible Employee or Participant) at any time, with or without cause.

12.10 Notice of Disposition of Shares. Each Participant shall give prompt notice to the Company of any disposition or other transfer of any Shares purchased upon exercise of a right under the Plan if such disposition or transfer is made: (a) within two years from the Grant Date of the Offering Period in which the Shares were purchased or (b) within one year after the Purchase Date on which such Shares were purchased. Such notice shall specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by the Participant in such disposition or other transfer.

12.11 Governing Law. The Plan and any agreements hereunder shall be administered, interpreted and enforced under the internal laws of the State of Delaware without regard to conflicts of laws thereof or of any other jurisdiction.

12.12 Electronic Forms. To the extent permitted by Applicable Law and in the discretion of the Administrator, an Eligible Employee may submit any form or notice as set forth herein by means of an electronic form approved by the Administrator. Before the commencement of an Offering Period, the Administrator shall prescribe the time limits within which any such electronic form shall be submitted to the Administrator with respect to such Offering Period in order to be a valid election.

## GOSSAMER BIO, INC.

## NON-EMPLOYEE DIRECTOR COMPENSATION PROGRAM

Non-employee members of the board of directors (the “**Board**”) of Gossamer Bio, Inc. (the “**Company**”) shall receive cash and equity compensation as set forth in this Non-Employee Director Compensation Program (this “**Program**”). This Program has been adopted under the Company’s 2019 Incentive Award Plan (the “**Equity Plan**”) and shall be effective on the Effective Date. The cash and equity compensation described in this Program shall be paid or be made, as applicable, automatically and without further action of the Board, to each member of the Board who is not an employee of the Company or any parent or subsidiary of the Company (each, a “**Non-Employee Director**”) who is entitled to receive such cash or equity compensation, unless such Non-Employee Director declines the receipt of such cash or equity compensation by written notice to the Company. This Program shall remain in effect until it is revised or rescinded by further action of the Board. This Program may be amended, modified or terminated by the Board at any time in its sole discretion. The terms and conditions of this Program shall supersede any prior cash and/or equity compensation arrangements for service as a member of the Board between the Company and any of its Non-Employee Directors. No Non-Employee Director shall have any rights hereunder, except with respect to stock options granted pursuant to the Program. Capitalized terms not otherwise defined herein shall have the meanings ascribed in the Equity Plan.

1. Cash Compensation.

(a) Annual Retainers. Each Non-Employee Director shall receive an annual retainer of \$40,000 for service on the Board.

(b) Additional Annual Retainers. In addition, each Non-Employee Director shall receive the following additional annual retainers, as applicable:

(i) Chairperson of the Board. A Non-Employee Director serving as Chairperson of the Board shall receive an additional annual retainer of \$30,000 for such service.

(ii) Audit Committee. A Non-Employee Director serving as Chairperson of the Audit Committee shall receive an additional annual retainer of \$15,000 for such service. A Non-Employee Director serving as a member of the Audit Committee (other than the Chairperson) shall receive an additional annual retainer of \$7,500 for such service.

(iii) Compensation Committee. A Non-Employee Director serving as Chairperson of the Compensation Committee shall receive an additional annual retainer of \$10,000 for such service. A Non-Employee Director serving as a member of the Compensation Committee (other than the Chairperson) shall receive an additional annual retainer of \$5,000 for such service.

(iv) Nominating and Corporate Governance Committee. A Non-Employee Director serving as Chairperson of the Nominating and Corporate Governance Committee shall receive an additional annual retainer of \$8,000 for such service. A Non-Employee Director serving as a member of the Nominating and Corporate Governance Committee (other than the Chairperson) shall receive an additional annual retainer of \$4,000 for such service.

(c) Payment of Retainers. The annual retainers described in Sections 1(a) and 1(b) shall be earned on a quarterly basis based on a calendar quarter and shall be paid by the Company in arrears not later than the fifteenth day following the end of each calendar quarter. In the event a Non-Employee Director does not serve as a Non-Employee Director, or in the applicable positions described in Section

1(b), for an entire calendar quarter, the retainer paid to such Non-Employee Director shall be prorated for the portion of such calendar quarter actually served as a Non-Employee Director, or in such position, as applicable.

2. Equity Compensation. Non-Employee Directors shall be granted the equity awards described below. The awards described below shall be granted under and shall be subject to the terms and provisions of the Equity Plan, or any other applicable Company equity incentive plan then-maintained by the Company, and shall be granted subject to the execution and delivery of award agreements, including attached exhibits, in substantially the forms previously approved by the Board. All applicable terms of the Equity Plan apply to this Program as if fully set forth herein, and all grants of stock options hereby are subject in all respects to the terms of the Equity Plan and the applicable award agreement. For the avoidance of doubt, the share numbers in this Section 2 shall be subject to adjustment as provided in the Equity Plan, including with respect to any reverse stock split of the Company's common stock effected on or prior to the Effective Date.

(a) Initial Awards. Each Non-Employee Director who is initially elected or appointed to the Board after the Effective Date shall receive an option under the Equity Plan, or any other applicable Company equity incentive plan then-maintained by the Company, to purchase \_\_\_\_\_ shares of the Company's common stock on the date of such initial election or appointment. The awards described in this Section 2(a) shall be referred to as "**Initial Awards**." No Non-Employee Director shall be granted more than one Initial Award.

(b) Subsequent Awards. A Non-Employee Director who (i) is serving on the Board as of the date of any annual meeting of the Company's stockholders after the Effective Date and has been serving as a Non-Employee Director for at least six months as of the date of such meeting, and (ii) will continue to serve as a Non-Employee Director immediately following such meeting, shall be automatically granted an option under the Equity Plan, or any other applicable Company equity incentive plan then-maintained by the Company, to purchase \_\_\_\_\_ of the Company's common stock on the date of such annual meeting. The awards described in this Section 2(b) shall be referred to as "**Subsequent Awards**." For the avoidance of doubt, a Non-Employee Director elected for the first time to the Board at an annual meeting of the Company's stockholders shall only receive an Initial Award in connection with such election, and shall not receive any Subsequent Award on the date of such meeting as well.

(c) Termination of Employment of Employee Directors. Members of the Board who are employees of the Company or any parent or subsidiary of the Company who subsequently terminate their employment with the Company and any parent or subsidiary of the Company and remain on the Board will not receive an Initial Award pursuant to Section 2(a) above, but to the extent that they are otherwise entitled, will receive, after termination from employment with the Company and any parent or subsidiary of the Company, Subsequent Awards as described in Section 2(b) above.

(d) Terms of Awards Granted to Non-Employee Directors

(i) Purchase Price. The per share exercise price of each option granted to a Non-Employee Director shall equal the Fair Market Value of a share of common stock on the date the option is granted.

(ii) Vesting. Each Initial Award shall vest and become exercisable in thirty-six (36) substantially equal monthly installments over the three (3) years following the date of grant, subject to the Non-Employee Director continuing in service on the Board through each such vesting date. Each Subsequent Award shall vest and/or become exercisable on the first to occur of (A) the first anniversary of the date of grant or (B) the next occurring annual meeting of the Company's stockholders, subject to the

Non-Employee Director continuing in service on the Board through such vesting date. Unless the Board otherwise determines, no portion of an Initial Award or Subsequent Award which is unvested and/or exercisable at the time of a Non-Employee Director's termination of service on the Board shall become vested and/or exercisable thereafter. Upon a Change in Control, all outstanding equity awards granted under the Equity Plan, and any other equity incentive plan maintained by the Company, that are held by a Non-Employee Director shall become fully vested and/or exercisable, irrespective of any other provisions of the Plan or any award agreement.

(iii) Term. The term of each stock option granted to a Non-Employee Director shall be ten (10) years from the date the option is granted.

3. Compensation Limits. Notwithstanding anything to the contrary in this Program, all compensation payable under this Program will be subject to any limits on the maximum amount of Non-Employee Director compensation set forth in the Equity Plan, as in effect from time to time.

4. Reimbursements. The Company shall reimburse each Non-Employee Director for all reasonable, documented, out-of-pocket travel and other business expenses incurred by such Non-Employee Director in the performance of his or her duties to the Company in accordance with the Company's applicable expense reimbursement policies and procedures as in effect from time to time.

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## Gossamer Bio Services, Inc.

January 4, 2018

Dr. Sheila Gujrathi  
P.O. Box 1395  
Rancho Santa Fe, CA 92067

Dear Dr. Gujrathi:

I am pleased to offer you a position with Gossamer Bio Services, Inc. ("Gossamer Services"), a wholly-owned subsidiary of Gossamer Bio, Inc. ("Parent") and together with Gossamer Services, collectively the "Company"), working out of the Company's headquarters located in San Diego, California, effective as of the Effective Date. Outlined below are the terms of this offer letter ("Offer Letter") for your review.

Effective as of January 4, 2018 (the "Effective Date"), you will be employed by Gossamer Services, on a full-time basis, as its President and Chief Operating Officer and to serve as an officer with those same positions of Parent. You shall have all the duties, responsibilities and authority commensurate with these positions, subject to the supervision of, and reporting directly to, the Chief Executive Officer of the Company. For the avoidance of doubt, all references in this Offer Letter to your "employment with the Company", shall include your employment with the Company and any of its affiliates and subsidiaries, as applicable.

As of the Effective Date, you shall continue to serve as member of the Board (subject to formal Board approval), to hold such position for so long as you serve as Chief Operating Officer or Chief Executive Officer of the Company, or until your earlier resignation or removal. It is the Board's expectation that you will become the Company's Chief Executive Officer upon the earlier of (i) 90 days after the initial closing (the "Next Financing Closing") of the sale of shares of preferred stock (other than Series A Preferred Stock (as defined in that certain Series A Convertible Preferred Stock Purchase Agreement, dated on or about the date hereof (the "SPA")) or similar investment security by the Company following the Closing (as defined in the SPA) (such sale of shares, the "Next Financing") and (ii) the Company or any of its affiliates or subsidiaries filing a Registration Statement on Form S-1 with the Securities Exchange Commission under the Securities Act of 1933, as amended, for a firm commitment underwriting of the Common Shares of the Company (the "IPO"). Upon your cessation of service in an executive role with the Company you shall be deemed to have voluntarily resigned from the Board, effective immediately, *provided, however*, nothing contained herein shall adversely affect your rights under, or your ability to be elected to the Board pursuant to, any voting agreement of Parent to which you are a party, or by vote of any Common Shares that you may own directly or indirectly, and if at the time of cessation of your service in an executive role you are serving on the Board pursuant to an election under the provisions of such voting agreement, you will not be deemed to have voluntarily resigned from the Board.

You agree to perform the duties and responsibilities of your positions, and such other duties and responsibilities as shall from time to time be mutually agreed upon between you and the Board. You agree that, while employed by the Company, you will devote substantially all of your

business time and your best efforts, business judgment, skill and knowledge exclusively to the advancement of the business and interests of the Company and to the discharge of your duties and responsibilities for it; *provided, however*, it is agreed that you may (i) serve on outside boards on which you serve as of the Effective Date and which are listed on the attached Exhibit A or as otherwise approved by the Board following the Effective Date, (ii) serve on the boards of directors of non-profit organizations; (iii) participate in charitable, civic, educational, professional, community or industry affairs, and (iv) manage your personal investments to the extent such activities do not individually or in the aggregate interfere with your duties and responsibilities to the Company or create an actual or potential conflict of interest with the Company's business. You agree to abide by the rules, regulations, instructions, personnel practices and policies of the Company, as adopted and amended from time to time by the Company.

You will receive an annual base salary of \$475,000, less applicable tax and other withholdings and deductions, payable in accordance with the normal payroll practices of the Company in effect from time to time.

Your performance will be reviewed by the Compensation Committee of the Board on an annual basis in conjunction with an annual salary review. Commencing with calendar year 2018, you will be eligible to receive an annual cash incentive bonus with a target amount equal to 50% of your then-current annual base salary. Your bonus in respect of 2018, and any future bonuses, will be subject to the terms of the applicable bonus plan developed and approved by the Board or the Compensation Committee of the Board in consultation with you. Any bonus awarded will be paid, subject to required withholdings and deductions, on or before March 15 of the calendar year immediately following the year for which the bonus was awarded, subject to your employment at the end of the calendar year for which the bonus is due, except as otherwise expressly provided for herein.

As of the Closing, you or your affiliate(s) (including, without limitation, trusts for the benefit of you or your family members) hold, in the aggregate, 20,612,000 shares (the "Founder's Equity") of the Company's Common Stock, \$0.0001 par value per share ("Common Shares"), representing seventeen and one-half percent (17.5%) of the Company's fully diluted capitalization. You hereby agree and acknowledge that notwithstanding (i) any agreements between yourself and any third party relating to the Founder's Equity which were in effect prior to the date of the Closing, and (ii) any documents governing the terms and conditions of the Founder's Equity which were in effect prior to the date of the Closing (collectively, the "Prior Agreements"), effective as of the Closing, fifty percent (50%) of the Founder's Equity held by you shall be subject to vesting (the "Restricted Shares") on the following terms: twenty percent (20%) of the Restricted Shares will vest on the first anniversary of the date of the Closing and the remainder of the Restricted Shares will vest in forty-eight (48) substantially equal monthly installments thereafter, subject to your continued provision of services to the Company as a full-time employee on each applicable date, except as otherwise provided for herein.

Within thirty (30) days following the date of the Closing, the Company will grant you (at no additional cost) 1,131,962 restricted Common Shares (or at your option, an alternative equity grant structure that complies with or is exempt from Internal Revenue Code Section 409A and the regulations and guidance promulgated thereunder (collectively "Section 409A") mutually agreed to by you and the Company) (the "Anti-Dilution Shares"), which represents the amount of additional shares necessary so that the total number of Common Shares held by you and your affiliate(s) (including Founder's Equity, both vested and unvested) and any Common Shares

issued under or subject to any other Company equity award held by you, plus the Anti-Dilution Shares, would represent fifteen percent (15%) of the Company's fully diluted capitalization assuming a further equity financing by the Company following the Closing raising gross proceeds of \$100 million on a \$500 million pre-money valuation and an increase in the number of shares reserved for issuance under the Company's equity incentive plans to five percent (5%) of the fully diluted capitalization as of the Anti-Dilution Termination Date (which 5% shall include all shares previously issued under any of the Company's equity incentive plans and all shares available for issuance thereunder). The Anti-Dilution Shares will be adjusted in the future, if necessary, at no additional cost, in an amount up (either in restricted Common Shares, or at your option, an alternative equity grant structure that complies with or is exempt from Code Section 409A mutually agreed to by you and the Company) or down, to account for the actual issuance of equity by the Company in the Next Financing such that the total ownership position by you and your affiliate(s) (including Founder's Equity, both vested and unvested, and any Common Shares issued under or subject to any other Company equity award issued to you) on the Anti-Dilution Termination Date (as defined below) is fifteen percent (15%) of the Company's fully diluted capitalization based on the actual capitalization of the Company on the Anti-Dilution Termination Date; *provided*, that for purposes of calculating the fully diluted capitalization of the Company on the Anti-Dilution Termination Date, (x) any increase in the number of Common Shares reserved for issuance and/or issued under any of the Company's equity incentive plans following the Closing in excess of five percent (5%) of the fully diluted capitalization of the Company on the Anti-Dilution Termination Date and (y) any shares issued in connection with any acquisitions, licenses, strategic partnerships, collaborations or other corporate transactions shall be disregarded, and *provided further*, if you or your affiliate(s) sell, transfer or otherwise dispose of any such equity in the Company prior to the Anti-Dilution Termination Date, the fifteen percent (15%) capitalization referred to in this paragraph shall be calculated as if such sale, transfer or other disposition had not occurred. The Anti-Dilution Shares shall be subject to vesting, and shall vest on the same schedule as the Founders Equity, assuming the date of the issuance of any Anti-Dilution Shares is considered the Closing for purposes of determining the portion of the Anti-Dilution Shares vested upon issuance and schedule for the vesting of the remaining Anti-Dilution Shares. For example, an issuance of Anti-Dilution Shares on the 30th day following the Closing would be fifty percent (50%) vested on issuance, and the remaining fifty percent (50%) would vest twenty percent (20%) (i.e., ten percent (10%) of all Anti-Dilution Shares) on the first anniversary of the Closing and the balance would vest in forty-eight (48) substantially equal monthly installments thereafter, subject to your continued provision of services to the Company as a full-time employee on each applicable date, except as otherwise provided herein. Notwithstanding anything herein to the contrary and for the avoidance of doubt, you hereby agree that your right to the Anti-Dilution Shares shall be non-transferrable other than by will or the laws of descent and distribution. As used herein, the "Anti-Dilution Termination Date" shall be the earliest to occur of the following: (i) the Company raising \$300 million in equity capital (including, for the avoidance of doubt, all amounts raised under the SPA and \$20 million in respect of the capital raised in AA BioPharma), (ii) the date immediately prior to the pricing of the IPO, (iii) a termination of your full-time employment with the Company for any reason, (iv) the date on which you cease to own any equity in the Company (other than the Anti-Dilution Shares), or (v) consummation of a Change in Control. Any Anti-Dilution Shares held by you that are in excess of the number of Common Shares necessary to retain your fifteen percent (15%) ownership as of the Anti-Dilution Termination Date (including, for the avoidance of doubt, Founder's Equity, both vested and unvested, and any Common Shares issued under or subject to any other Company equity award issued to you) as provided in this paragraph shall be forfeited by you to the Company for no consideration as of such Anti-Dilution Termination Date.

In addition to the above, in the event that during the time period between the Closing and the date immediately prior to the pricing of the IPO the aggregate number of shares of capital stock of the Company then outstanding (on a fully-diluted basis) has increased by less than seventeen and one half percent (17.5%) (the "Capitalization Target") from the number of shares of capital stock of the Company outstanding (on a fully-diluted basis) as of immediately following the Closing (excluding the issuance of (i) any Anti-Dilution Shares, (ii) any Common Shares issued as compensation to members of the Board or the Scientific Advisory Board of the Company and (iii) any shares issued in connection with any acquisitions, licenses, strategic partnerships, collaborations or other corporate transactions), or if, notwithstanding the failure to meet the Capitalization Target, the Board determines in its sole discretion that the terms and amount of any equity financings following the Closing are extremely favorable to the Company, then the Company shall make a one-time grant of restricted Common Shares or at your option, an alternative equity grant structure that complies with or is exempt from Code Section 409A mutually agreed to by you and the Company (the "Additional Shares") at no additional cost equal to one percent (1%) of fully-diluted capitalization of the Company immediately prior to the grant of such Additional Shares, which shares will vest in forty-eight (48) substantially equal monthly installments commencing one (1) month after the date of grant.

Notwithstanding anything to the contrary, the Common Shares subject to any grant of Anti-Dilution Shares and Additional Shares, if any, will be issued to you solely in consideration for your past and future services to the Company and its subsidiaries and affiliates. You acknowledge and agree that you may file an election to recognize tax liability (including the filing of an election under Section 83(b) of the Internal Revenue Code (an "83(b) Election")) within thirty (30) days following the date of any such grant if applicable. Subject to your timely filing an 83(b) Election with the Internal Revenue Service, promptly following delivery of a copy of such 83(b) Election to the Company, you and the Company will enter into a non-recourse promissory note and security agreement with respect to the Anti-Dilution Shares (in the forms agreed to by you and the Company), pursuant to which the Company will lend you an amount necessary for you to pay all applicable income and employment taxes on the fair market value of the property with respect to which you filed such Section 83(b) Election, up to a maximum loan amount of \$1,000,000, and the amount of such taxes (whether greater or less than \$1,000,000) will be withheld by the Company to satisfy the income and employment tax withholding obligations incurred in connection with such 83(b) Election. Such loan shall be due and payable in full upon the earliest of (i) ten (10) business days prior to the initial public submission of a registration statement on Form S-1 in connection with the IPO; (ii) a Change in Control; (iii) the fifth anniversary of the date of such loan; or (iv) immediately prior to such loan becoming prohibited under Section 13(k) of the Securities Exchange Act of 1934, as amended.

You hereby agree and acknowledge that notwithstanding any provisions in the Prior Agreements to the contrary, except as otherwise expressly set forth in this Offer Letter, upon the termination of your full-time employment with the Company for any reason, all Restricted Shares, Anti-Dilution Shares, and Additional Shares that are unvested as of such date shall be forfeited by you for no consideration immediately upon such termination.

This Offer Letter shall not be construed as an agreement, either express or implied, to employ you for any stated term, and shall in no way alter the Company's policy of employment at-will, under which both the Company and you remain free to end the employment relationship for any reason, at any time, with or without cause or notice; *provided, however*, in the event you elect to terminate your employment without Good Reason, you agree to provide the Company with at least thirty (30) days' advance written notice. Although your job duties, title, compensation and



benefits, as well as the Company's personnel policies and procedures, may change from time to time, the "at-will" nature of your employment may only be changed by a written agreement signed by you and a member of the Board, which expressly states the intention to modify the at-will nature of your employment.

Similarly, nothing in this Offer Letter shall be construed as an agreement, either express or implied, to pay you any compensation or grant you any benefit beyond the end of your employment with the Company, except as otherwise explicitly set forth herein. This Offer Letter supersedes all prior understandings, whether written or oral, relating to the terms of your employment. Your employment and this Offer Letter will be governed by the laws of the State of California, without reference to conflicts of laws principles which would result in the application of the law of any other jurisdiction.

In the event your employment with the Company ever terminates, on your last day of employment, you will receive your base salary and all accrued but unused vacation time through the last day of your employment, in accordance with the Company's then-current payroll policies and practices (the "Termination Payment"). Without otherwise limiting the "at-will" nature of your employment, in the event your employment is terminated at any time by the Company (or any of its subsidiaries or affiliates, as applicable, or any of their respective successors or assigns) without Cause (excluding by reason of your death and Disability) or by you for Good Reason in each case prior to a Change in Control, then, subject to your remaining available to provide consulting services to the Company as reasonably requested by the Board upon reasonable notice, in addition to the Termination Payment, the Company shall provide the following payments and benefits ("Severance Benefits"): (i) continued payment of your base salary at the then-current rate per pay period, reduced by all applicable taxes and withholdings, for a period of twelve (12) months following your termination date, in accordance with the Company's then-current payroll policies and practices, (ii) payment of an incentive bonus amount (which assumes the achievement of annual targets) pro-rated for the portion of the then-current calendar year during which you were employed by the Company, within sixty (60) days following the last day of your employment, (iii) the Anti-Dilution Termination Date shall be extended to the date that is twelve (12) months from such termination of employment for purposes of determining any adjustment of Anti-Dilution Shares or the issuance of Additional Shares, and the vesting of any Anti-Dilution Shares and Additional Shares issued to you shall be accelerated for twelve (12) months of additional vesting from the date of such termination, (iv) the acceleration for twelve (12) months of additional vesting of any unvested portion of any equity awards then held by you (other than the Anti-Dilution Shares and Additional Shares which are addressed in (iii) above), including, without limitation, the Restricted Shares; and (v) provided you timely elect and remain eligible for coverage pursuant to Part 6 of Title I of ERISA, or similar state law (collectively, "COBRA"), payment or reimbursement to you of an amount equal to the full monthly premium for COBRA continuation coverage under the Company's medical plans as in effect on the date of your termination with respect to the level of coverage in effect for you and your eligible dependents as of the date of your termination, on a monthly basis on the first business day of the calendar month next following the calendar month in which the applicable COBRA premiums were paid, with respect to the period from the date of your termination until the earlier of (x) twelve (12) months following such date and (y) the date you become eligible for coverage under a subsequent employer's medical plan.

In the event your employment is terminated at any time by the Company (or any of its subsidiaries or affiliates, as applicable, or any of their respective successors or assigns) without Cause (excluding by reason of your death and Disability) or by you for Good Reason in each case

on or within twelve (12) months after a Change in Control, then, in addition to the Termination Payment, the Company shall provide the following payments and benefits (“Change in Control Severance Benefits”): (i) continued payment of your base salary at the then-current rate per pay period, reduced by all applicable taxes and withholdings, for a period of eighteen (18) months following your termination date, in accordance with the Company’s then-current payroll policies and practices, (ii) payment of an incentive bonus amount (which assumes the achievement of annual targets) pro-rated for the portion of the then-current calendar year during which you were employed by the Company, within sixty (60) days following the last day of your employment, (iii) full vesting of any unvested portion of any equity awards then held by you, which shall no longer be subject to any restrictions or forfeiture, and full exercisability with respect to stock options and similar awards; and (iv) provided you timely elect and remain eligible for coverage pursuant to COBRA, payment or reimbursement to you of an amount equal to the full monthly premium for COBRA continuation coverage under the Company’s medical plans as in effect on the date of your termination with respect to the level of coverage in effect for you and your eligible dependents as of the date of your termination, on a monthly basis on the first business day of the calendar month next following the calendar month in which the applicable COBRA premiums were paid, with respect to the period from the date of your termination until the earlier of (x) eighteen (18) months following such date and (y) the date you become eligible for coverage under a subsequent employer’s medical plan. Notwithstanding anything to the contrary and for the avoidance of doubt, any Change in Control Severance Benefits paid to you shall be instead of, and not in addition to, any Severance Benefits that may be paid to you.

In the event your employment is terminated at any time by the Company (or any of its subsidiaries or affiliates, as applicable, or any of their respective successors or assigns) by reason of your death or Disability, then, in addition to the Termination Payment, (x) the Anti-Dilution Termination Date shall be extended to the date that is twelve (12) months from such termination of employment for purposes of determining any adjustment of Anti-Dilution Shares or the issuance of Additional Shares and (y) the Company shall provide that the greater of (i) fifty percent (50%) of the unvested portion of any equity awards then held by you immediately prior to such termination or issued to you during such extended Anti-Dilution Termination Date (including, without limitation, the Restricted Shares, Anti-Dilution Shares, and Additional Shares, if any) and (ii) the portion of such equity awards that would have otherwise vested in the (12) month period following the date of such termination of employment, shall vest and shall no longer be subject to restrictions or forfeiture on the date of such termination (“Qualified Accelerated Vesting”).

Notwithstanding anything to the contrary in the foregoing, you will not be entitled to receive any Severance Benefits, Change in Control Severance Benefits, or Qualified Accelerated Vesting, as applicable (to the extent applicable, the “Termination Benefits”) unless, within sixty (60) days following the date of termination, you, or in the event of your death or Disability, your legal representatives, have executed a general release of all known and unknown claims and covenant not to sue in the form attached hereto as Exhibit B (with such changes to form to help ensure enforceability under applicable law) and any revocation period thereunder has lapsed without exercise by you (or your legal representatives) of such revocation right.

The Termination Benefits shall be paid or commence on the first payroll period following the date the release becomes effective (the “Payment Date”) and the first payment shall include all accrued amounts from the date of termination, provided that if the period during which you may deliver the release required hereunder spans two (2) calendar years, the Payment Date shall be no earlier than January 1 of the second calendar year.

For purposes of this Offer Letter, “Change in Control” shall have the meaning set forth in the Gossamer Bio, Inc. 2017 Equity Incentive Plan, as in effect on the Effective Date (the “Equity Plan”).

As used herein, “Cause” means: (i) a willful and material act of dishonesty by you in connection with the performance of your duties as an employee of the Company; (ii) your conviction of, or plea of guilty or nolo contendere to, a felony (other than a traffic offense that does not result in a fatality), or any crime involving fraud or embezzlement that the Board reasonably determines has had or is reasonably likely to have a materially detrimental effect on the Company’s reputation or business; (iii) your gross misconduct in the performance of your duties as an employee of the Company; (iv) your willful and material unauthorized use or disclosure of any proprietary information or trade secrets of the Company or any other party to whom you owe an obligation of nondisclosure as a result of your relationship with the Company; (v) your willful and material breach of any obligations under any written agreement or written covenant with the Company; or (vi) your continued willful and substantial failure to perform your material employment duties that are lawfully assigned to you in good faith by your reporting superior (other than as a result of your death or Disability) after written notice. Cause shall not exist unless, in any case, you have first received a written notice from the Board that sets forth the factual basis for the Board’s determination as to any behavior or occurrence claimed as Cause and you fail to cure such claimed behavior or occurrence, if curable, to the reasonable satisfaction of a majority of the Board within ten (10) business days after receiving such written notice, in which case your termination date will be the expiration date of the cure period, if any. For purposes of this paragraph, (i) no act or failure to act on your part shall be considered “willful” unless it is done or omitted to be done by you in bad faith and without reasonable belief that the act or failure to act was in the best interest of the Company, and (ii) while you are serving on the Board, you shall take no part in any determination as to whether “Cause” exists hereunder.

As used herein, “Good Reason” means the occurrence of one or more of the following, without your written consent: (i) a material reduction in your base salary or target annual bonus; (ii) a material diminution of your title, duties, responsibilities or reporting lines; (iii) a material change in the principal geographic location at which you must perform services, more than fifty (50) miles from the Company’s head office; (iv) a material breach by the Company of this Offer Letter; or (v) the failure of the board of directors of Parent to offer you employment as the Chief Executive Officer of the Parent no later than the earlier of (x) the 90th day following the Next Financing Closing, or (y) the IPO. Any such event shall not constitute Good Reason unless and until you have provided the Company with written notice thereof no later than sixty (60) days following the initial occurrence of such event and the Company shall have failed to remedy such event (if capable of being remedied) within thirty (30) days of receipt of such notice, and you must terminate your employment with the Company within sixty (60) days after the expiration of such thirty (30)-day remedial period.

As used herein, “Disability” shall have the meaning set forth in the Equity Plan.

Any severance payments to you under this Offer Letter shall begin only after the date of your “separation from service” within the meaning of Section 409A and determined as set forth below, which occurs on or after date of the termination of your employment, and shall be subject to the following provisions:

(i) The intent of the parties is that payments and benefits under this Offer Letter comply with, or be exempt from Section 409A and, accordingly, to the maximum extent permitted, this Offer Letter shall be interpreted to be in compliance therewith. For purposes of Section 409A, your right to receive any installment payments pursuant to this Offer Letter will be treated as a right to receive a series of separate and distinct payments. Neither the Company nor you shall have the right to accelerate or defer the delivery of any such payments except to the extent specifically permitted or required by Section 409A.

(ii) If, as of the date of your “separation from service” from the Company, you are not a “specified employee” (within the meaning of Section 409A), then each installment of the severance payments shall be made on the dates and terms set forth in this Offer Letter.

(iii) If, as of the date of your “separation from service” from the Company, you are a “specified employee” (within the meaning of Section 409A), then:

(A) Each installment of the severance payments that, in accordance with the dates and terms set forth in this Offer Letter, will in all circumstances, regardless of when the “separation from service” occurs, be paid within the short-term deferral period (as defined in Section 409A) shall be treated as a “short-term deferral” within the meaning of Treasury Regulation Section 1.409A-1(b)(4) to the maximum extent permissible under Section 409A and shall be paid on the dates and terms set forth in this Offer Letter; and

(B) Each installment of the severance payments that is not described in clause (iii) (A) above and that would, absent this clause (B), be paid within the six-month period following your “separation from service” from the Company shall not be paid until the date that is six (6) months and one (1) day after such “separation from service” (or, if earlier, your death), with any such installments that are required to be delayed being accumulated during the six-month period and paid in a lump sum on the date that is six (6) months and one (1) day following your “separation from service” and any subsequent installments, if any, being paid in accordance with the dates and terms set forth in this Offer Letter; *provided, however*, that the preceding provisions of this clause (B) shall not apply to any installment of severance payments if and to the maximum extent that that such installment is deemed to be paid under a separation pay plan that does not provide for a deferral of compensation by reason of the application of Treasury Regulation 1.409A-1(b)(9)(iii) (relating to separation pay upon an involuntary separation from service). Any installments that qualify for the exception under Treasury Regulation Section 1.409A-1(b)(9)(iii) must be paid no later than the last day of your second taxable year following the taxable year in which the “separation from service” occurs.

(iv) The determination of whether and when your “separation from service” from the Company has occurred shall be made in a manner consistent with, and based on the presumptions set forth in, Treasury Regulation Section 1.409A-1(h). Solely for purposes of this paragraph (iv), “Company” shall include all persons with whom the Company would be considered a single employer under Section 414(b) and 414(c) of the Code.

(v) All reimbursements and in-kind benefits provided under the Offer Letter shall be made or provided in accordance with the requirements of Section 409A to the extent that such reimbursements or in-kind benefits are subject to Section 409A, including, where applicable, the requirements that (A) any reimbursement is for expenses incurred during your lifetime (or during a shorter period of time specified in this Offer Letter), (B) the amount of expenses eligible for reimbursement during a calendar year may not affect the expenses eligible for reimbursement in

any other calendar year, (C) the reimbursement of any eligible expense will be made on or before the last day of the calendar year following the year in which the expense is incurred, and (D) the right to reimbursement is not subject to set off or liquidation or exchange for any other benefit.

(vi) Notwithstanding any other provision of this Offer Letter, the Company makes no representation or warranty and shall have no liability to you or to any other person if any provisions of this Offer Letter are determined to constitute deferred compensation subject to Section 409A but do not satisfy an exemption from, or the conditions of, that section. If either you or the Company reasonably determines that any payment to you will violate Section 409A, you and the Company agree to use reasonable best efforts to restructure the payment in a manner that is either exempt from or compliant with Section 409A to the extent that the restructuring is consistent with the original economic intent of the parties. You and the Company agree to execute any and all amendments to this Offer Letter (or any other applicable agreement) that are consistent with the original economic intent of the parties and promote compliance with the distribution provisions of Section 409A in an effort to avoid or minimize, to the extent allowable by law, the tax (and any interest or penalties thereon) associated with Section 409A. If it is determined that a payment to you was (or may be) made in violation of Section 409A, the Company will cooperate, to the extent commercially reasonable, with any effort by you to mitigate the tax consequences of such violation, including cooperation with your participation in any IRS voluntary compliance program or other correction procedure under Section 409A that may be available to you; *provided*, that such correction is consistent with the commercial intent of the parties hereunder; *provided, further*, that in no event shall the Company be obligated to incur any material cost in connection with its obligations under this sentence.

Notwithstanding anything to the contrary contained in this Offer Letter, to the extent that any of the payments and benefits provided for under this Offer Letter or any other agreement or arrangement between the Company and you (collectively, the "Payments") (i) constitute a "parachute payment" within the meaning of Section 280G of the Code and (ii) but for this paragraph, would be subject to the excise tax imposed by Section 4999 of the Code, then the Payments shall be reduced to the extent necessary so that no portion of such Payments retained by you shall be subject to excise tax under Section 4999 of the Code; *provided, however*, such reduction shall only occur if after taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, such reduction results in your receipt on an after-tax basis, of the greatest amount of benefits under this Offer Letter, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code; *provided, further*, that this sentence shall not apply if, immediately before the change in ownership or control on which such Payment is contingent or otherwise relates, no stock in the Company is readily tradeable on an established securities market or otherwise (as determined in accordance with Treasury Reg. Section 1.280G-1 Q&A 6). In the event of a determination that such reduction is to take place, reduction shall occur in the following order: first, reduction of cash payments, which shall occur in reverse chronological order such that the cash payment owed on the latest date following the occurrence of the event triggering such excise tax will be the first cash payment to be reduced; second, cancellation of accelerated vesting of equity awards, which shall occur in the reverse order of the date of grant for such stock awards (i.e., the vesting of the most recently granted stock awards will be reduced first); and third, reduction of employee benefits, which shall occur in reverse chronological order such that the benefit owed on the latest date following the occurrence of the event triggering such excise tax will be the first benefit to be reduced. If two or more equity awards are granted on the same date, each award will be reduced on a pro-rata basis. Notwithstanding the foregoing, if any Payments would not be subject to such excise tax if the stockholder approval requirements of Section 280G(b)(5) of the Code are

satisfied, subject to your waiver of the rights to such Payments in accordance with Section 280G of the Code with respect to any portion of the Payments that would otherwise be subject to excise tax imposed by Section 4999 of the Code (before giving effect to any reduction in Payments contemplated in the two preceding sentences), the Company shall use its reasonable best efforts to cause such payments to be submitted for such approval prior to the event giving rise to such payments. To the extent the Company submits any payment or benefit payable to you under this Offer Letter or otherwise to the Company's stockholders for approval in accordance with Treasury Reg. Section 1.280G-1 Q&A 7, the foregoing provisions shall not apply following such submission and such payments and benefits will be treated in accordance with the results of such vote, except that any reduction in, or waiver of, such payments or benefits required by such vote will be applied without any application of discretion by you and in the order prescribed in the preceding paragraph. In no event shall you have any discretion with respect to the ordering of payment reductions. Unless you and the Company otherwise agree in writing, any determination required under this paragraph shall be made in writing by the Company's independent public accountants (the "Accountants"), whose determination shall be conclusive and binding upon you and the Company for all purposes. For purposes of making the calculations required by this paragraph, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely in reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and you shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this paragraph. The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this paragraph. If the limitation set forth in this paragraph is applied to reduce an amount payable to you, and the Internal Revenue Service successfully asserts that, despite the reduction, you have nonetheless received payments which are in excess of the maximum amount that could have been paid to you without being subjected to any excise tax, then, unless it would be unlawful for the Company to make such a loan or similar extension of credit to you, you may repay such excess amount to the Company as though such amount constitutes a loan to you made at the date of payment of such excess amount, bearing interest at 120% of the applicable federal rate (as determined under Section 1274(d) of the Code in respect of such loan).

You will be eligible to participate in any and all benefit programs that the Company establishes and makes available to its employees from time to time, provided that you are eligible under (and subject to all provisions of) the plan documents that govern those programs. Benefits are subject to change at any time in the Company's sole discretion. In addition, the Company will reimburse you for all reasonable business expenses incurred by you in the performance of your duties, subject to the Company's expense reimbursement policies applicable to senior executives in effect from time to time. You will be entitled to paid vacation time in accordance with the policies of the Company.

The Company will reimburse you, or pay directly on your behalf, for the reasonable and documented attorneys' fees you incur in connection with the review and negotiation of this Offer Letter and any related matters, up to a maximum of \$15,000, with such payment to be made within thirty (30) days after you submit appropriate documentation together with a written request specifying the amount of such legal expenses.

You represent that you are not bound by any employment contract, restrictive covenant or other restriction preventing you from entering into employment with or carrying out your responsibilities for the Company, or which is in any way inconsistent with the terms of this Offer Letter.

This offer of employment is contingent upon (x) your consent to a background check with results satisfactory to the Company, (y) your execution of the Company's Proprietary Information and Inventions Assignment Agreement, which is attached hereto as Exhibit C ("PIIA"), and (z) your presentation of satisfactory documentation that establishes identity and employment eligibility in accordance with the US Immigration and Naturalization requirements. Notwithstanding any other provision in the PIIA or any other agreement between you and the Company, Company Confidential Information shall not include any information that (i) is or becomes generally used in the industry or publicly available through lawful means and absent any wrongful conduct by you or others; (ii) any information that was known by you or lawfully in your possession prior to your employment with the Company; and (iii) is independently developed or lawfully disclosed to you by a third party that is unrelated to the Company and is not bound by obligations of confidentiality to the Company with respect to such information.

All notices or other communications required or permitted to be given under this Offer Letter shall be in writing and shall be deemed to have been duly given when delivered personally or one (1) business day after being sent by a nationally recognized overnight delivery service, charges prepaid. Notices also may be given electronically via PDF and shall be effective on the date transmitted if confirmed within 48 hours thereafter by a signed original sent in the manner provided in the preceding sentence. Notice to you shall be sent to your most recent residence and personal email address on file with the Company. Notice to the Company shall be sent to its physical address set forth on the first page hereto and addressed to the Chairperson of the Board at the email address provided by the Company for such person.

This Offer Letter, together with any documents relating to the Company equity held by you (other than any Prior Agreements), any stock grant notices or stock agreements referenced herein and the PIIA, constitutes the entire agreement and understanding between the parties as to the subject matter herein and supersedes all prior or contemporaneous agreements whether written or oral. The terms of this Offer Letter may only be modified in a specific writing signed by Executive and an authorized representative of the Company. The invalidity or unenforceability of any provision or provisions of this Offer Letter will not affect the validity or enforceability of any other provision hereof, which will remain in full force and effect. The terms in this Offer Letter may only be modified in writing and signed by you and a member of the Board. In the event of any conflict between any of the terms in this Offer Letter and the terms of any other agreement between you and the Company, the terms of this Offer Letter will control. This Offer Letter may be executed in any number of counterparts, all of which taken together shall constitute one instrument. Execution and delivery of this Offer Letter by facsimile or other electronic signature is legal, valid and binding for all purposes.

To aid in the rapid and economical resolution of any disputes that may arise in the course of the employment relationship, you and the Company agree that any and all disputes, claims, or demands in any way arising out of or relating to the terms of this Offer Letter, Company equity held by you (including, but not limited to, Founder's Equity, Anti-Dilution Shares, and Additional Shares, if any), your employment relationship with the Company, or the termination of your employment relationship with the Company, shall be resolved, to the fullest extent permitted by law, by final, binding and confidential arbitration in San Diego, California, conducted before a single neutral arbitrator selected and administered in accordance with the employment arbitration rules & procedures or then applicable equivalent rules of JAMS (the "JAMS Rules") and the Federal Arbitration Act, 9 U.S.C. Sec. 1, et seq. A copy of the JAMS rules may be found on the JAMS website at [www.jamsadr.com](http://www.jamsadr.com). BY AGREEING TO THIS ARBITRATION

PROCEDURE, YOU AND THE COMPANY WAIVE THE RIGHT TO RESOLVE ANY SUCH DISPUTE, CLAIM OR DEMAND THROUGH A TRIAL BY JURY OR JUDGE OR BY ADMINISTRATIVE PROCEEDING IN ANY JURISDICTION. You will have the right to be represented by legal counsel at any arbitration proceeding, at your expense. The arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be available under applicable law in a court proceeding and (b) issue a written statement signed by the arbitrator regarding the disposition of each claim and the relief, if any, awarded as to each claim, the reasons for the award, and the arbitrator's essential findings and conclusions on which the award is based. The arbitrator shall administer and conduct any arbitration in accordance with California law and shall apply substantive and procedural California law to any such dispute, claim or demand, without reference to any conflict-of-law provisions of any jurisdiction. To the extent that the JAMS Rules conflict with California law, California law shall take precedence. The parties agree that the prevailing party in any arbitration shall be entitled to injunctive relief in any court of competent jurisdiction to enforce the arbitration award. Nothing in this Offer Letter is intended to prevent either you or the Company from obtaining injunctive relief (or any other provisional remedy) in any court of competent jurisdiction pursuant to California Code of Civil Procedure Section 1281.8 to prevent irreparable harm (including, without limitation, pending the conclusion of any arbitration). The Company shall pay the arbitrator's fees, arbitration expenses and any other costs unique to the arbitration proceeding (recognizing that each side shall bear its own deposition, witness, expert and attorney's fees and other expenses to the same extent as if the matter were being heard in court); *provided, however*, that the arbitrator shall award attorney's fees and costs to the prevailing party, except as prohibited by law.

We are very excited about having you join our team and I anticipate that you will make many important contributions to the Company and its strategic mission. Please acknowledge your acceptance of this offer by returning a signed copy of this Offer Letter.



Very truly yours,

Gossamer Bio Services, Inc.

By: /s/ Faheem Hasnain

Name: Faheem Hasnain

Title: Chief Executive Officer

Accepted and agreed:

/s/ Sheila Gujrathi

Sheila Gujrathi

[Gossamer Bio Services, Inc. – Signature Page to Offer Letter]

**Outside Board Positions**

TP Therapeutics, Inc.  
Five Prime Therapeutics, Inc.

**Form of Release**

In consideration of the Termination Benefits (as defined in the Offer Letter) provided and to be provided to me by Gossamer Bio, Inc., or any successor thereof (the "Company") pursuant to my Offer Letter with Company dated January 4, 2018 (the "Offer Letter"), and in connection with the termination of my employment, the Company and I agree to the following, including a general release as specified below (the "Release").

1. On behalf of myself, my heirs, executors, administrators, successors and assigns, I hereby fully and forever generally release and discharge Company, its current, former and future parents, subsidiaries, affiliated companies, related entities, employee benefit plans and their fiduciaries, predecessors, successors, officers, directors, shareholders, agents, employees and assigns (collectively, the "Company") from any and all claims, causes of action, and liabilities up through the date of my execution of the Release (except with respect to Termination Benefits under the Offer Letter and any other rights that I have accrued under the employee benefit plans and equity award plans of the Company). The claims subject to this release include, but are not limited to, those relating to my employment with Company and/or any predecessor to Company and the termination of such employment. All such claims (including related attorneys' fees and costs) are barred without regard to whether those claims are based on any alleged breach of a duty arising in statute, contract or tort. This expressly includes waiver and release of any rights and claims arising under any and all laws, rules, regulations and ordinances, including, but not limited to: Title VII of the Civil Rights Act of 1964; the Older Workers Benefit Protection Act; the Americans With Disabilities Act; the Age Discrimination in Employment Act; the Fair Labor Standards Act; the National Labor Relations Act; the Family and Medical Leave Act; the Employee Retirement Income Security Act of 1974, as amended ("ERISA"); the Workers Adjustment and Retraining Notification Act; the California Fair Employment and Housing Act (if applicable); the provisions of the California Labor Code (if applicable); the Equal Pay Act of 1963; and any similar law of any other state or governmental entity.

2. The parties agree to apply California law in interpreting the Release. Accordingly, I further waive any rights under Section 1542 of the Civil Code of the State of California or any similar state statute. Section 1542 states: "A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which, if known to him or her, must have materially affected his or her settlement with the debtor." This Release does not extend to, and has no effect upon, (i) any benefits that have previously accrued, and to which I have become vested or otherwise entitled to, under any agreement, employee benefit plan, program or policy sponsored or maintained by the Company; (ii) my right to indemnification and/or contribution, advancement or payment of related expenses by the Company under any written indemnification or other agreement between the parties; (iii) my right to continued coverage by the Company's director's and officer's insurance, other insurance policies of the Company, COBRA or any similar state law; (iv) any claims for breach of this agreement; and (v) any claims arising after the date I sign the Release.

3. In understanding the terms of the Release and my rights, I have been advised to consult with an attorney of my choice prior to executing the Release. I understand that nothing in the Release will prohibit me from exercising legal rights that are, as a matter of law, not subject to waiver, such as: (a) my rights under applicable workers' compensation laws; (b) my right, if any, to seek state disability or unemployment benefits; (c) my right to indemnity under California Labor Code section 2802 or other applicable state-law right to indemnity; and (d) my right to file a charge or complaint with a government agency such as but not limited to the Equal Employment Opportunity Commission, the National Labor

Relations Board, the Department of Labor, the California Department of Fair Employment and Housing, or other applicable state agency. Moreover, I will continue to be indemnified for my actions taken while employed by the Company to the same extent as other then-current or former directors and officers of the Company under the Company's Certificate of Incorporation and Bylaws and the Indemnification Agreement between me and the Company, if any, and I will continue to be covered by the Company's directors and officers liability insurance policy as in effect from time to time to the same extent as are other then-current or former directors and officers of the Company, each subject to the requirements of the laws of the State of Delaware.

4. I understand and agree that Company will not provide me with the Termination Benefits unless I execute the Release. I also understand that I have received or will receive, regardless of the execution of the Release, all wages owed to me together with any accrued but unused vacation pay, less applicable withholdings and deductions, earned through my termination date.

5. In my existing and continuing obligations to Company, I have returned to Company all Company documents (and all copies thereof) and other Company property that I have had in my possession at any time, including but not limited to Company files, notes, drawings, records, business plans and forecasts, financial information, specification, computer-recorded information, tangible property (including, but not limited to, computers, laptops, pagers, etc.), credit cards, entry cards, identification badges and keys and any materials of any kind which contain or embody any proprietary or confidential information of Company (and all reproductions thereof). I understand that, even if I did not sign the Release, I am still bound by any and all confidential/proprietary/trade secret information, non-disclosure and inventions assignment agreement(s) signed by me in connection with my employment with Company, or with a predecessor or successor of Company pursuant to the terms of such agreement(s).

6. I represent and warrant that I am the sole owner of all claims relating to my employment with Company and/or with any predecessor of Company and that I have not assigned or transferred any claims relating to my employment to any other person or entity.

7. I agree to keep the Termination Benefits and the provisions of the Release confidential and not to reveal its contents to anyone except my lawyer, my accountant, my spouse or other immediate family member and/or my financial consultant, or as required by legal process or applicable law or otherwise responding accurately and fully to any question, inquiry or request for information or documents, including, without limitation, in any criminal, civil, or regulatory proceeding or investigation, or as necessary in any action for enforcement or claimed breach of this Release or any other legal dispute with the Company. Nothing in this Offer Letter shall prohibit me from reporting or disclosing information under the terms of the Company's Reporting Suspected Violations of Law Policy or such similar policy as the Company may have in effect from time to time.

8. I understand and agree that the Release will not be construed at any time as an admission of liability or wrongdoing by either the Company or me.

9. I agree that I will not make any negative or disparaging statements or comments, either as fact or as opinion, about Company, its employees, officers, directors, shareholders, vendors, products or services, business, technologies, market position or performance. The Company agrees that it shall not, and shall cause its directors, executive officers, employees and representatives not to, make any negative or disparaging statements or comments, either as fact or as opinion, about you. Nothing in this paragraph will prohibit me or the Company from providing truthful information in response to a subpoena or other legal process.

10. Any controversy or claim arising out of or relating to this Release, its enforcement or interpretation, or because of an alleged breach, default or misrepresentation in connection with any of its provisions, will be submitted to arbitration consistent with the terms of the Offer Letter.

11. As a condition of my receipt of the Termination Benefits, I agree that, upon reasonable notice (after taking into account, to the extent reasonably practicable, my other personal and business commitments) and without the necessity of Company obtaining a subpoena or court order, I will provide reasonable cooperation to Company in connection with any suit, action or proceeding (or any appeal from any suit, action or proceeding), or the decision to commence on behalf of the Company any suit, action or proceeding, any investigation and/or any defense of any claims asserted against the Company or any of the Company's current or former directors, officers, employees, partners, stockholders, agents or representatives of any of the foregoing, and any ongoing or future investigation or dispute or claim of any kind involving the Company that relates to events occurring during my employment as to which I may have relevant information and any other matter for which I was responsible or had knowledge of through date of my termination of employment. Such cooperation may include, but will not be limited to, providing background information within my knowledge; aiding in the drafting of declarations; executing declarations or similar documents; testifying or otherwise appearing at investigation interviews, depositions, arbitrations or court hearings; and preparing for the above-described or similar activities. Upon the reasonable request of Company, I agree to cooperate with the transition of my job responsibilities on any termination of employment and cooperate in providing information on matters on which I was involved while an employee.

12. I agree that I have had at least twenty-one (21) calendar days in which to consider whether to execute the Release, no one hurried me into executing the Release during that period and no one coerced me into executing the Release. I understand that the offer of the Termination Benefits and the Release will expire on the twenty-second (22nd) calendar day after my employment termination date if I have not accepted it by that time. I further understand that Company's obligations under the Release will not become effective or enforceable until the eighth (8th) calendar day after the date I sign the Release provided that I have timely delivered it to Company (the "Effective Date") and that in the seven (7) day period following the date I deliver a signed copy of the Release to Company I understand that I may revoke my acceptance of the Release. I understand that the Termination Benefits will become available to me at such time after the Effective Date.

13. In executing the Release, I acknowledge that I have not relied upon any statement made by Company, or any of its representatives or employees, with regard to the Release unless the representation is specifically included herein. Furthermore, the Release contains our entire understanding regarding eligibility for Termination Benefits and supersedes any or all prior representations and agreements regarding the subject matter of the Release. However, the Release does not modify, amend or supersede written Company agreements that are consistent with enforceable provisions of the Release such as my Offer Letter, confidential information and invention assignment agreement, and any stock, stock option and/or stock purchase agreements between Company and me. Once effective and enforceable, this agreement can be changed only by another written agreement signed by me and an authorized representative of Company.

14. Should any provision of the Release be determined by an arbitrator, court of competent jurisdiction or government agency to be wholly or partially invalid or unenforceable, the legality, validity and enforceability of the remaining parts, terms or provisions are intended to remain in full force and effect. Specifically, should a court, arbitrator or agency conclude that a particular claim may not be released as a matter of law, it is the intention of the parties that the general release and the waiver of unknown claims above will otherwise remain effective to release any and all other claims. I acknowledge

that I have obtained sufficient information to intelligently exercise my own judgment regarding the terms of the Release before executing the Release.

15. The Termination Benefits provided and to be provided to me by the Company consist of the applicable benefits and payments in accordance with the Offer Letter.

16. The Release may be executed in any number of counterparts, all of which taken together shall constitute one instrument. Execution and delivery of the Release by facsimile or other electronic signature is legal, valid and binding for all purposes.

17. The Release will be governed by and enforced under California law, without regard to its conflict of law rules that would result in the application of the laws of any other jurisdiction.

[Signature page follows]

**EMPLOYEE'S ACCEPTANCE OF RELEASE**

**BEFORE SIGNING MY NAME TO THE RELEASE, I STATE THE FOLLOWING: I HAVE READ THE RELEASE, I UNDERSTAND IT AND I KNOW THAT I AM GIVING UP IMPORTANT RIGHTS. I HAVE OBTAINED SUFFICIENT INFORMATION TO INTELLIGENTLY EXERCISE MY OWN JUDGMENT. I HAVE BEEN ADVISED THAT I SHOULD CONSULT WITH AN ATTORNEY BEFORE SIGNING IT, AND I HAVE SIGNED THE RELEASE KNOWINGLY AND VOLUNTARILY.**

**EFFECTIVE UPON EXECUTION BY EMPLOYEE AND THE COMPANY.**

Executed this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

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Agreed and Accepted:

Gossamer Bio Services, Inc.

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By:  
Title:  
Date:

**Proprietary Information and Inventions Assignment Agreement**



**PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT**

The following confirms an agreement (“**Agreement**”) between you and **GOSSAMER BIO SERVICES, INC.**, a Delaware corporation (the “**Company**,” which term includes the Company’s parent, Gossamer Bio, Inc. (“**Parent**”), Parent’s subsidiaries, and any other entity in which I am asked to provide services for, and each of their respective successors and assigns), which is a material part of the consideration for my employment and continued employment by the Company:

**PROPRIETARY INFORMATION.** I understand that my employment creates a relationship of confidence and trust between me and the Company with respect to Proprietary Information of the Company, its business partners or its customers or suppliers which may be learned by me during the period of my employment or any period prior thereto wherein I was performing services for the Company or any predecessor thereof. For purposes of this Agreement, “**Proprietary Information**” is any information, data, trade secret or know-how (whether in tangible or electronic form or maintained in mind or memory or in another intangible form of expression) that was or is developed by, or became or becomes known by the Company or me in relation to my employment with the Company or otherwise concerns the business, operations, products, or technology of the Company, or was or is assigned or otherwise conveyed to the Company. “Proprietary Information” also includes, without limitation, all financial, business, scientific, technical, economic and/or engineering information, including without limitation, business strategies, business plans, forecasts, strategies, development plans, promotional and marketing objectives, results of research, trials or operations, pricing, customer lists, supplier lists, patent disclosures, patent applications, know-how, trade secrets, compilations, ideas, inventions, improvements, research, discoveries, techniques, methods, processes, manufacturing techniques, procedures, formulations, designs, patterns, drawings, flow charts, schematics, tooling, plans, configurations, specifications, documents, data sheets, mock-ups, models, compounds, compositions, structures, prototypes, programs, computer code, algorithms, mechanisms, materials, equipment, samples, test results, opinions, data, analysis, the salaries, duties, qualifications, performance levels, and terms of compensation of other employees and other proprietary information. Proprietary Information does not include any of the foregoing items that is or has become publicly and widely known and made generally available through no wrongful act of mine or of others who were under confidentiality obligations as to the item or items involved.

**COVENANTS AND AGREEMENTS.** In consideration of my employment by the Company and the compensation received by me from the Company from time to time, I hereby agree as follows:

**Confidentiality.** At all times, both during my employment by the Company and after its termination, I will keep in confidence and trust and will not use or disclose any Proprietary Information or anything relating to it without the written consent of the Company, except as may be necessary in the ordinary course of performing my duties to the Company.

**Defend Trade Secrets Act Notice of Immunity Rights.** I acknowledge that the Company has provided me with the following notice of immunity rights in compliance with the requirements of the Defend Trade Secrets Act: (i) I shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of Proprietary Information that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law; (ii) I shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of Proprietary Information that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; and (iii) if I file a lawsuit for retaliation by the Company for reporting a suspected violation of law, I may disclose the Proprietary Information to my attorney and use the Proprietary Information in the court proceeding, if I file any document containing the

Proprietary Information under seal, and do not disclose the Proprietary Information, except pursuant to court order.

**Return of Company Documents.** In the event of the termination of my employment by me or by the Company for any reason, I shall return all physical and electronic documents and records and all apparatus, equipment and other property, or any reproduction of such property, whether or not pertaining to Proprietary Information, furnished to me by the Company or produced by myself or others in connection with my employment, to the Company immediately as and when requested by the Company.

**Disclosure of Inventions.** I will promptly disclose to the Company, or any persons designated by it, all Inventions made or conceived or reduced to practice or developed by me, either alone or jointly with others, during the term of my employment or any period prior thereto wherein I was performing services for the Company or any predecessor thereof, in sufficient detail to enable the Company to practice such inventions. **“Inventions”** includes all improvements, inventions, discoveries, formulas, ideas, circuits, mask works, works of authorship, processes, computer programs, algorithms, techniques, schematics, industrial designs, know-how and data, whether or not patentable. I will also disclose to the Company all Inventions conceived, reduced to practice, or developed by me within six (6) months of the termination of my employment with the Company. Such disclosure shall be received by the Company in confidence and does not extend the assignment made in Section 2(e) below.

**Ownership; Assignment of Inventions.** I agree that all Proprietary Information, and all Inventions which I make, conceive, reduce to practice or develop (in whole or in part, either alone or jointly with others) during my employment or any period prior thereto wherein I was performing services for the Company or any predecessor thereof, are and shall be the sole property of the Company to the maximum extent permitted by law. I hereby assign to the Company any and all rights I may have or acquire in such Inventions and/or in any other Proprietary Information of the Company and any and all worldwide patents, patent applications, copyrights, mask work rights, industrial design rights, trade secret rights and other intellectual property rights related thereto or resulting therefrom. The Company’s ownership and my assignment hereunder shall not extend to Inventions that (a) qualify fully under the provisions of Section 2870 of the California Labor Code, a copy of which is attached hereto as Exhibit A, if I am employed in California or (b) I developed entirely on my own time without using the Company’s equipment, supplies, facilities, or trade secret information except for those inventions that either: (1) relate at the time of conception or reduction to practice of the invention to the Company’s business, or actual or demonstrably anticipated research or development of the Company; or (2) result from any work performed by me for the Company.

**Assignment of Moral Rights.** In addition to the foregoing assignment of Inventions to the Company, I hereby irrevocably transfer and assign to the Company any and all “Moral Rights” (as defined below) that I may have in or with respect to any Invention. I also hereby forever waive and agree never to assert any and all Moral Rights I may have in or with respect to any Invention, even after termination of my work on behalf of the Company. “Moral Rights” mean any rights to claim authorship of an invention to object to or prevent the modification of any Invention, or to withdraw from circulation or control the publication or distribution of any Invention, and any similar right, existing under judicial or statutory law of any country in the world, or under any treaty, regardless of whether or not such right is denominated or generally referred to as a “moral right.”

**Work for Hire.** I acknowledge and agree that any copyrightable works prepared by me within the scope of my employment are “works for hire” under the Copyright Act and that the Company will be considered the author and owner of such copyrightable works.

**Prior Inventions.** I have attached as Exhibit B a complete list of all Inventions or improvements that relate to the business of the Company or actual or demonstrably anticipated research or development of the Company, that have been made or conceived or first reduced to practice by me alone or jointly with others prior to my employment by the Company or any period prior thereto wherein I was performing services for the Company or any predecessor thereof that I desire to clarify for the record are not Inventions which are to be assigned to Company under this Agreement, and I covenant that such list is complete. If no such list is attached to this Agreement, I represent that I have no such Inventions and improvements at the time of signing this Agreement. I will not use any prior Inventions in the performance of my duties without the prior express written consent of my supervisor, and if I do (but only if I do), I hereby grant to Company a perpetual, irrevocable, royalty-free, worldwide, full paid-up, transferable, sub-licensable, right and license to use and exploit the same.

**Enforcement of Inventions; Further Actions.** I agree to perform, during and after my employment, all acts deemed necessary or desirable by the Company to permit and assist it, at the Company's expense, in obtaining, maintaining and enforcing patents, copyrights, trade secret rights, rights with respect to mask works or other rights on such Inventions and/or any other Inventions I have or may at any time assign to the Company and any designee of the Company in any and all countries. Such acts may include, but are not limited to, execution of documents and assistance or cooperation in legal proceedings. I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents, as my agents and attorneys-in-fact to act for and in my behalf and instead of me, to execute and file any applications or related filings and to do all other lawfully permitted acts to further the prosecution and issuance of patents, copyrights, trade secret rights, rights with respect to mask works or other rights thereon with the same legal force and effect as if executed by me.

**Records.** I agree to keep and maintain adequate and current records (in the form of notes, sketches, drawings and in any other form that may be required by the Company) of all Proprietary Information developed by me and all Inventions made by me during the period of my employment at the Company, which records shall be available to and remain the sole property of the Company at all times.

**Non-Competition.** During the period of my employment with the Company, without the prior written approval of an executive officer of the Company (or if I am an executive officer of the Company, without the prior approval of the Company's Board of Directors), I will not, either as an employee, employer, consultant, agent, principal, partner or officer, engage or participate in any employment, business or activity that is directly competitive with the business or proposed business of the Company, and will not assist any other person or organization in directly competing with the Company, or in preparing to engage in direct competition with the business or proposed business of the Company. The provisions of this section shall apply both during normal working hours and at all other times, including, without limitation, nights, weekends and vacation time, while I am employed by the Company.

**No Solicitation.** During the term of my employment and for one (1) year thereafter, I will not, either directly or through others, solicit or attempt to solicit any employee, independent contractor or consultant of the Company to terminate his or her relationship with the Company in order to become an employee, consultant or independent contractor to or for any other person or entity, or otherwise encourage or solicit any employee of the Company to leave the Company for any reason or to devote less than all of any such employee's efforts to the affairs of the Company; provided that the foregoing shall not affect any responsibility I may have as an employee of the Company with respect to the bona fide hiring and firing of Company personnel.

**No Conflicting Obligations.** I represent that my performance of all the terms of this Agreement will not breach any agreement or obligation to keep in confidence proprietary information acquired by me in confidence or in trust prior to my employment with the Company. I have not entered

into, and I agree I will not enter into, any agreement either written or oral in conflict with this Agreement or in conflict with my employment with the Company.

**No Improper Use of Information of Prior Employers and Others.** During my employment by the Company, I will not improperly use or disclose any confidential information or trade secrets, if any, of any former employer or any other person to whom I have an obligation of confidentiality, and I will not bring onto the premises of the Company any unpublished documents or any property belonging to any former employer or any other person to whom I have an obligation of confidentiality unless expressly authorized in writing by that former employer or person. Unless disclosed on Exhibit B hereto, I will use in the performance of my duties only information which is generally known and used by persons with training and experience comparable to my own, which is common knowledge in the industry or otherwise legally in the public domain, or which is otherwise provided or developed by the Company.

**Notification of New Employer.** In the event that I leave the employ of the Company, I hereby consent to the notification of my new employer of my rights and obligations under this Agreement.

#### **GENERAL PROVISIONS.**

**Employment.** I agree and understand that my employment with the Company constitutes “AT-WILL” employment and that nothing in this Agreement shall confer any right with respect to continuation of employment by the Company, nor shall it interfere in any way with my right or the Company’s right to terminate my employment at any time, with or without cause.

**Successors and Assigns.** This Agreement shall be effective as of the first day of my employment by the Company, and shall be binding upon me, my heirs, executors, assigns, and administrators and shall inure to the benefit of the Company, its subsidiaries, successors and assigns. I will not assign this Agreement or my obligations hereunder without the prior written consent of the Company, which consent may be withheld in the Company’s sole discretion, and any such purported assignment without consent shall be null and void.

**Survival.** The provisions of this Agreement shall survive the termination of my employment and the assignment of this Agreement by the Company to any successor in interest or other assignee.

**Legal and Equitable Remedies.** Because my services are personal and unique and because I may have access to and become acquainted with the Proprietary Information of the Company, the Company shall have the right to enforce this Agreement and any of its provisions by injunction, specific performance or other equitable relief, without bond and without prejudice to any other rights and remedies that the Company may have for a breach of this Agreement.

**Severability.** If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provisions shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provisions were so excluded and shall be enforceable in accordance with its terms.

**Titles.** The titles and headings appearing at the beginning of the numbered sections and at the beginning of paragraphs have been inserted for convenience only and do not constitute any part of this Agreement.

**Governing Law; Consent to Personal Jurisdiction.** I understand and agree that this Agreement shall be interpreted and enforced in accordance with the laws of the State of California without

regard to the conflict of laws provisions thereof. I hereby expressly consent to the personal jurisdiction of the state and federal courts located in San Diego County, California for any lawsuit filed there against me by Company arising from or related to this Agreement.

**Entire Agreement; Amendment.** This Agreement and the Exhibits hereto contain the entire understanding between the parties relating to the subject matter hereof and supersede any and all prior agreements, understandings and arrangements, whether written or oral, between the parties relating to such subject matter hereof. This Agreement may only be amended in writing by the Company and me and our respective permitted successors and assigns.

**Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall be deemed one instrument.

*[Signature Page Follows]*

Dated: 1/4/18

/s/ Sheila Gujrathi  
Name: Sheila Gujrathi

Accepted and Agreed to:

**GOSSAMER BIO SERVICES, INC.**

By: /s/ Faheem Hasnain  
Name: Faheem Hasnain  
Title: Chief Executive Officer

**EXHIBIT A**

§2870. Application of provision providing that employee shall assign or offer to assign rights in invention to employer.

(a) Any provisions in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either: (1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or (2) Result from any work performed by the employee for the employer.

(b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

**EXHIBIT B**

**GOSSAMER BIO SERVICES, INC.**

Ladies and Gentlemen:

1. The following is a complete list of all inventions or improvements that relate to the business of **GOSSAMER BIO SERVICES, INC.** (the "**Company**") or actual or demonstrably anticipated research or development of the Company, that have been made or conceived or first reduced to practice by me alone or jointly with others prior to my employment by the Company or any period prior thereto wherein I was performing services for the Company or any predecessor thereof that I desire to clarify for the record are not Inventions which are to be assigned to Company under the Company's Proprietary Information and Inventions Agreement.

No inventions or improvements.

See below:

**Invention Description**

**Patent No.**

**Date of Issue**

Additional sheets attached.

2. I propose to bring to my employment the following materials and documents of a former employer (provide copies of express written authorizations by former employer, if applicable):

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No materials or documents.

/s/ Sheila Gujrathi

Sheila Gujrathi



## Gossamer Bio Services, Inc.

January 4, 2018

Faheem Hasnain  
4840 Rancho Del Mar Trail  
San Diego, CA 92130

Dear Mr. Hasnain:

I am pleased to offer you a position with Gossamer Bio Services, Inc. ("Gossamer Services"), a wholly-owned subsidiary of Gossamer Bio, Inc. ("Parent") and together with Gossamer Services, collectively the "Company"), working out of the Company's headquarters located in San Diego, California, effective as of the Effective Date. Outlined below are the terms of this offer letter ("Offer Letter") for your review.

Effective as of January 4, 2018 (the "Effective Date"), you will be employed by Gossamer Services, on a full-time basis, as its Chief Executive Officer and to serve as an officer with those same positions of Parent. You shall have all the duties, responsibilities and authority commensurate with these positions, subject to the supervision of, and reporting directly to, Parent's Board of Directors (the "Board"). For the avoidance of doubt, all references in this Offer Letter to your "employment with the Company", shall include your employment with the Company and any of its affiliates and subsidiaries, as applicable.

As of the Effective Date, you shall continue to serve as Chairman of the Board (subject to formal Board approval), to hold such position for so long as you serve as Chief Executive Officer or Executive Chairman of the Company, or until your earlier resignation or removal. It is the Board's expectation that you will become the Company's Executive Chairman of the Board upon the earlier of (i) 90 days after the initial closing (the "Next Financing Closing") of the sale of shares of preferred stock (other than Series A Preferred Stock (as defined in that certain Series A Convertible Preferred Stock Purchase Agreement, dated on or about the date hereof (the "SPA")) or similar investment security by the Company following the Closing (as defined in the SPA) (such sale of shares, the "Next Financing") (ii) the Company or any of its affiliates or subsidiaries filing a Registration Statement on Form S-1 with the Securities Exchange Commission under the Securities Act of 1933, as amended, for a firm commitment underwriting of the Common Shares of the Company (the "IPO"), and (iii) Sheila Gujrathi being appointed as the Company's Chief Executive Officer. Upon your cessation of service in an executive and Executive Chairman role with the Company you shall be deemed to have voluntarily resigned from the Board, effective immediately, *provided, however*, nothing contained herein shall adversely affect your rights under, or your ability to be elected to the Board pursuant to, any voting agreement of Parent to which you are a party, or by vote of any Common Shares that you may own directly or indirectly, and if at the time of cessation of your service in an executive role you are serving on the Board pursuant to an election under the provisions of such voting agreement, you will not be deemed to have voluntarily resigned from the Board.

You agree to perform the duties and responsibilities of your positions, and such other duties and responsibilities as shall from time to time be mutually agreed upon between you and the Board.

You agree that, while employed by the Company, you will devote substantially all of your business time and your best efforts, business judgment, skill and knowledge exclusively to the advancement of the business and interests of the Company and to the discharge of your duties and responsibilities for it; *provided, however*, it is agreed that you may (i) serve on outside boards on which you serve as of the Effective Date and which are listed on the attached Exhibit A or as otherwise approved by the Board following the Effective Date, (ii) serve on the boards of directors of non-profit organizations; (iii) participate in charitable, civic, educational, professional, community or industry affairs, and (iv) manage your personal investments to the extent such activities do not individually or in the aggregate interfere with your duties and responsibilities to the Company or create an actual or potential conflict of interest with the Company's business. You agree to abide by the rules, regulations, instructions, personnel practices and policies of the Company, as adopted and amended from time to time by the Company.

You will receive an annual base salary of \$475,000, less applicable tax and other withholdings and deductions, payable in accordance with the normal payroll practices of the Company in effect from time to time.

Your performance will be reviewed by the Compensation Committee of the Board on an annual basis in conjunction with an annual salary review. Commencing with calendar year 2018, you will be eligible to receive an annual cash incentive bonus with a target amount equal to 50% of your then-current annual base salary. Your bonus in respect of 2018, and any future bonuses, will be subject to the terms of the applicable bonus plan developed and approved by the Board or the Compensation Committee of the Board in consultation with you. Any bonus awarded will be paid, subject to required withholdings and deductions, on or before March 15 of the calendar year immediately following the year for which the bonus was awarded, subject to your employment at the end of the calendar year for which the bonus is due, except as otherwise expressly provided for herein.

As of the Closing, you or your affiliate(s) (including, without limitation, trusts for the benefit of you or your family members) hold, in the aggregate, 20,612,000 shares (the "Founder's Equity") of the Company's Common Stock, \$0.0001 par value per share ("Common Shares"), representing seventeen and one-half percent (17.5%) of the Company's fully diluted capitalization. You hereby agree and acknowledge that notwithstanding (i) any agreements between yourself and any third party relating to the Founder's Equity which were in effect prior to the date of the Closing, and (ii) any documents governing the terms and conditions of the Founder's Equity which were in effect prior to the date of the Closing (collectively, the "Prior Agreements"), effective as of the Closing, fifty percent (50%) of the Founder's Equity held by you shall be subject to vesting (the "Restricted Shares") on the following terms: twenty percent (20%) of the Restricted Shares will vest on the first anniversary of the date of the Closing and the remainder of the Restricted Shares will vest in forty-eight (48) substantially equal monthly installments thereafter, subject to your continued provision of services to the Company as a full-time employee on each applicable date, except as otherwise provided for herein.

Within thirty (30) days following the date of the Closing, the Company will grant you (at no additional cost) 1,131,962 restricted Common Shares (or at your option, an alternative equity grant structure that complies with or is exempt from Internal Revenue Code Section 409A and the regulations and guidance promulgated thereunder (collectively "Section 409A") mutually agreed to by you and the Company) (the "Anti-Dilution Shares"), which represents the amount of additional shares necessary so that the total number of Common Shares held by you and your

affiliate(s) (including Founder's Equity, both vested and unvested) and any Common Shares issued under or subject to any other Company equity award held by you, plus the Anti-Dilution Shares, would represent fifteen percent (15%) of the Company's fully diluted capitalization assuming a further equity financing by the Company following the Closing raising gross proceeds of \$100 million on a \$500 million pre-money valuation and an increase in the number of shares reserved for issuance under the Company's equity incentive plans to five percent (5%) of the fully diluted capitalization as of the Anti-Dilution Termination Date (which 5% shall include all shares previously issued under any of the Company's equity incentive plans and all shares available for issuance thereunder). The Anti-Dilution Shares will be adjusted in the future, if necessary, at no additional cost, in an amount up (either in restricted Common Shares, or at your option, an alternative equity grant structure that complies with or is exempt from Code Section 409A mutually agreed to by you and the Company) or down, to account for the actual issuance of equity by the Company in the Next Financing such that the total ownership position by you and your affiliate(s) (including Founder's Equity, both vested and unvested, and any Common Shares issued under or subject to any other Company equity award issued to you) on the Anti-Dilution Termination Date (as defined below) is fifteen percent (15%) of the Company's fully diluted capitalization based on the actual capitalization of the Company on the Anti-Dilution Termination Date; *provided*, that for purposes of calculating the fully diluted capitalization of the Company on the Anti-Dilution Termination Date, (x) any increase in the number of Common Shares reserved for issuance and/or issued under any of the Company's equity incentive plans following the Closing in excess of five percent (5%) of the fully diluted capitalization of the Company on the Anti-Dilution Termination Date and (y) any shares issued in connection with any acquisitions, licenses, strategic partnerships, collaborations or other corporate transactions shall be disregarded, and *provided further*, if you or your affiliate(s) sell, transfer or otherwise dispose of any such equity in the Company prior to the Anti-Dilution Termination Date, the fifteen percent (15%) capitalization referred to in this paragraph shall be calculated as if such sale, transfer or other disposition had not occurred. The Anti-Dilution Shares shall be subject to vesting, and shall vest on the same schedule as the Founders Equity, assuming the date of the issuance of any Anti-Dilution Shares is considered the Closing for purposes of determining the portion of the Anti-Dilution Shares vested upon issuance and schedule for the vesting of the remaining Anti-Dilution Shares. For example, an issuance of Anti-Dilution Shares on the 30th day following the Closing would be fifty percent (50%) vested on issuance, and the remaining fifty percent (50%) would vest twenty percent (20%) (i.e., ten percent (10%) of all Anti-Dilution Shares) on the first anniversary of the Closing and the balance would vest in forty-eight (48) substantially equal monthly installments thereafter, subject to your continued provision of services to the Company as a full-time employee on each applicable date, except as otherwise provided herein. Notwithstanding anything herein to the contrary and for the avoidance of doubt, you hereby agree that your right to the Anti-Dilution Shares shall be non-transferrable other than by will or the laws of descent and distribution. As used herein, the "Anti-Dilution Termination Date" shall be the earliest to occur of the following: (i) the Company raising \$300 million in equity capital (including, for the avoidance of doubt, all amounts raised under the SPA and \$20 million in respect of the capital raised in AA BioPharma), (ii) the date immediately prior to the pricing of the IPO, (iii) a termination of your full-time employment with the Company for any reason, (iv) the date on which you cease to own any equity in the Company (other than the Anti-Dilution Shares), or (v) consummation of a Change in Control. Any Anti-Dilution Shares held by you that are in excess of the number of Common Shares necessary to retain your fifteen percent (15%) ownership as of the Anti-Dilution Termination Date (including, for the avoidance of doubt, Founder's Equity, both vested and unvested, and any Common Shares issued under or subject to any other Company equity award issued to you) as provided in this paragraph shall be forfeited by you to the Company for no consideration as of such Anti-Dilution Termination Date.

In addition to the above, in the event that during the time period between the Closing and the date immediately prior to the pricing of the IPO the aggregate number of shares of capital stock of the Company then outstanding (on a fully-diluted basis) has increased by less than seventeen and one half percent (17.5%) (the "Capitalization Target") from the number of shares of capital stock of the Company outstanding (on a fully-diluted basis) as of immediately following the Closing (excluding the issuance of (i) any Anti-Dilution Shares, (ii) any Common Shares issued as compensation to members of the Board or the Scientific Advisory Board of the Company and (iii) any shares issued in connection with any acquisitions, licenses, strategic partnerships, collaborations or other corporate transactions), or if, notwithstanding the failure to meet the Capitalization Target, the Board determines in its sole discretion that the terms and amount of any equity financings following the Closing are extremely favorable to the Company, then the Company shall make a one-time grant of restricted Common Shares or at your option, an alternative equity grant structure that complies with or is exempt from Code Section 409A mutually agreed to by you and the Company (the "Additional Shares") at no additional cost equal to one percent (1%) of fully-diluted capitalization of the Company immediately prior to the grant of such Additional Shares, which shares will vest in forty-eight (48) substantially equal monthly installments commencing one (1) month after the date of grant.

Notwithstanding anything to the contrary, the Common Shares subject to any grant of Anti-Dilution Shares and Additional Shares, if any, will be issued to you solely in consideration for your past and future services to the Company and its subsidiaries and affiliates. You acknowledge and agree that you may file an election to recognize tax liability (including the filing of an election under Section 83(b) of the Internal Revenue Code (an "83(b) Election")) within thirty (30) days following the date of any such grant if applicable. Subject to your timely filing an 83(b) Election with the Internal Revenue Service, promptly following delivery of a copy of such 83(b) Election to the Company, you and the Company will enter into a non-recourse promissory note and security agreement with respect to the Anti-Dilution Shares (in the forms agreed to by you and the Company), pursuant to which the Company will lend you an amount necessary for you to pay all applicable income and employment taxes on the fair market value of the property with respect to which you filed such Section 83(b) Election, up to a maximum loan amount of \$1,000,000, and the amount of such taxes (whether greater or less than \$1,000,000) will be withheld by the Company to satisfy the income and employment tax withholding obligations incurred in connection with such 83(b) Election. Such loan shall be due and payable in full upon the earliest of (i) ten (10) business days prior to the initial public submission of a registration statement on Form S-1 in connection with the IPO; (ii) a Change in Control; (iii) the fifth anniversary of the date of such loan; or (iv) immediately prior to such loan becoming prohibited under Section 13(k) of the Securities Exchange Act of 1934, as amended.

You hereby agree and acknowledge that notwithstanding any provisions in the Prior Agreements to the contrary, except as otherwise expressly set forth in this Offer Letter, upon the termination of your full-time employment with the Company for any reason, all Restricted Shares, Anti-Dilution Shares, and Additional Shares that are unvested as of such date shall be forfeited by you for no consideration immediately upon such termination.

This Offer Letter shall not be construed as an agreement, either express or implied, to employ you for any stated term, and shall in no way alter the Company's policy of employment at-will, under which both the Company and you remain free to end the employment relationship for any reason, at any time, with or without cause or notice; *provided, however*, in the event you elect to terminate your employment without Good Reason, you agree to provide the Company with at

least thirty (30) days' advance written notice. Although your job duties, title, compensation and benefits, as well as the Company's personnel policies and procedures, may change from time to time, the "at-will" nature of your employment may only be changed by a written agreement signed by you and a member of the Board, which expressly states the intention to modify the at-will nature of your employment.

Similarly, nothing in this Offer Letter shall be construed as an agreement, either express or implied, to pay you any compensation or grant you any benefit beyond the end of your employment with the Company, except as otherwise explicitly set forth herein. This Offer Letter supersedes all prior understandings, whether written or oral, relating to the terms of your employment. Your employment and this Offer Letter will be governed by the laws of the State of California, without reference to conflicts of laws principles which would result in the application of the law of any other jurisdiction.

In the event your employment with the Company ever terminates, on your last day of employment, you will receive your base salary and all accrued but unused vacation time through the last day of your employment, in accordance with the Company's then-current payroll policies and practices (the "Termination Payment"). Without otherwise limiting the "at-will" nature of your employment, in the event your employment is terminated at any time by the Company (or any of its subsidiaries or affiliates, as applicable, or any of their respective successors or assigns) without Cause (excluding by reason of your death and Disability) or by you for Good Reason in each case prior to a Change in Control, then, subject to your remaining available to provide consulting services to the Company as reasonably requested by the Board upon reasonable notice, in addition to the Termination Payment, the Company shall provide the following payments and benefits ("Severance Benefits"): (i) continued payment of your base salary at the then-current rate per pay period, reduced by all applicable taxes and withholdings, for a period of twelve (12) months following your termination date, in accordance with the Company's then-current payroll policies and practices, (ii) payment of an incentive bonus amount (which assumes the achievement of annual targets) pro-rated for the portion of the then-current calendar year during which you were employed by the Company, within sixty (60) days following the last day of your employment, (iii) the Anti-Dilution Termination Date shall be extended to the date that is twelve (12) months from such termination of employment for purposes of determining any adjustment of Anti-Dilution Shares or the issuance of Additional Shares, and the vesting of any Anti-Dilution Shares and Additional Shares issued to you shall be accelerated for twelve (12) months of additional vesting from the date of such termination, (iv) the acceleration for twelve (12) months of additional vesting of any unvested portion of any equity awards then held by you (other than the Anti-Dilution Shares and Additional Shares which are addressed in (iii) above), including, without limitation, the Restricted Shares; and (v) provided you timely elect and remain eligible for coverage pursuant to Part 6 of Title I of ERISA, or similar state law (collectively, "COBRA"), payment or reimbursement to you of an amount equal to the full monthly premium for COBRA continuation coverage under the Company's medical plans as in effect on the date of your termination with respect to the level of coverage in effect for you and your eligible dependents as of the date of your termination, on a monthly basis on the first business day of the calendar month next following the calendar month in which the applicable COBRA premiums were paid, with respect to the period from the date of your termination until the earlier of (x) twelve (12) months following such date and (y) the date you become eligible for coverage under a subsequent employer's medical plan.

In the event your employment is terminated at any time by the Company (or any of its subsidiaries or affiliates, as applicable, or any of their respective successors or assigns) without

Cause (excluding by reason of your death and Disability) or by you for Good Reason in each case on or within twelve (12) months after a Change in Control, then, in addition to the Termination Payment, the Company shall provide the following payments and benefits ("Change in Control Severance Benefits"): (i) continued payment of your base salary at the then-current rate per pay period, reduced by all applicable taxes and withholdings, for a period of eighteen (18) months following your termination date, in accordance with the Company's then-current payroll policies and practices, (ii) payment of an incentive bonus amount (which assumes the achievement of annual targets) pro-rated for the portion of the then-current calendar year during which you were employed by the Company, within sixty (60) days following the last day of your employment, (iii) full vesting of any unvested portion of any equity awards then held by you, which shall no longer be subject to any restrictions or forfeiture, and full exercisability with respect to stock options and similar awards; and (iv) provided you timely elect and remain eligible for coverage pursuant to COBRA, payment or reimbursement to you of an amount equal to the full monthly premium for COBRA continuation coverage under the Company's medical plans as in effect on the date of your termination with respect to the level of coverage in effect for you and your eligible dependents as of the date of your termination, on a monthly basis on the first business day of the calendar month next following the calendar month in which the applicable COBRA premiums were paid, with respect to the period from the date of your termination until the earlier of (x) eighteen (18) months following such date and (y) the date you become eligible for coverage under a subsequent employer's medical plan. Notwithstanding anything to the contrary and for the avoidance of doubt, any Change in Control Severance Benefits paid to you shall be instead of, and not in addition to, any Severance Benefits that may be paid to you.

In the event your employment is terminated at any time by the Company (or any of its subsidiaries or affiliates, as applicable, or any of their respective successors or assigns) by reason of your death or Disability, then, in addition to the Termination Payment, (x) the Anti-Dilution Termination Date shall be extended to the date that is twelve (12) months from such termination of employment for purposes of determining any adjustment of Anti-Dilution Shares or the issuance of Additional Shares and (y) the Company shall provide that the greater of (i) fifty percent (50%) of the unvested portion of any equity awards then held by you immediately prior to such termination or issued to you during such extended Anti-Dilution Termination Date (including, without limitation, the Restricted Shares, Anti-Dilution Shares, and Additional Shares, if any) and (ii) the portion of such equity awards that would have otherwise vested in the (12) month period following the date of such termination of employment, shall vest and shall no longer be subject to restrictions or forfeiture on the date of such termination ("Qualified Accelerated Vesting").

Notwithstanding anything to the contrary in the foregoing, you will not be entitled to receive any Severance Benefits, Change in Control Severance Benefits, or Qualified Accelerated Vesting, as applicable (to the extent applicable, the "Termination Benefits") unless, within sixty (60) days following the date of termination, you, or in the event of your death or Disability, your legal representatives, have executed a general release of all known and unknown claims and covenant not to sue in the form attached hereto as Exhibit B (with such changes to form to help ensure enforceability under applicable law) and any revocation period thereunder has lapsed without exercise by you (or your legal representatives) of such revocation right.

The Termination Benefits shall be paid or commence on the first payroll period following the date the release becomes effective (the "Payment Date") and the first payment shall include all accrued amounts from the date of termination, provided that if the period during which you may

deliver the release required hereunder spans two (2) calendar years, the Payment Date shall be no earlier than January 1 of the second calendar year.

For purposes of this Offer Letter, "Change in Control" shall have the meaning set forth in the Gossamer Bio, Inc. 2017 Equity Incentive Plan, as in effect on the Effective Date (the "Equity Plan").

As used herein, "Cause" means: (i) a willful and material act of dishonesty by you in connection with the performance of your duties as an employee of the Company; (ii) your conviction of, or plea of guilty or nolo contendere to, a felony (other than a traffic offense that does not result in a fatality), or any crime involving fraud or embezzlement that the Board reasonably determines has had or is reasonably likely to have a materially detrimental effect on the Company's reputation or business; (iii) your gross misconduct in the performance of your duties as an employee of the Company; (iv) your willful and material unauthorized use or disclosure of any proprietary information or trade secrets of the Company or any other party to whom you owe an obligation of nondisclosure as a result of your relationship with the Company; (v) your willful and material breach of any obligations under any written agreement or written covenant with the Company; or (vi) your continued willful and substantial failure to perform your material employment duties that are lawfully assigned to you in good faith by your reporting superior (other than as a result of your death or Disability) after written notice. Cause shall not exist unless, in any case, you have first received a written notice from the Board that sets forth the factual basis for the Board's determination as to any behavior or occurrence claimed as Cause and you fail to cure such claimed behavior or occurrence, if curable, to the reasonable satisfaction of a majority of the Board within ten (10) business days after receiving such written notice, in which case your termination date will be the expiration date of the cure period, if any. For purposes of this paragraph, (i) no act or failure to act on your part shall be considered "willful" unless it is done or omitted to be done by you in bad faith and without reasonable belief that the act or failure to act was in the best interest of the Company, and (ii) while you are serving on the Board, you shall take no part in any determination as to whether "Cause" exists hereunder.

As used herein, "Good Reason" means the occurrence of one or more of the following, without your written consent: (i) a material reduction in your base salary or target annual bonus; (ii) a material diminution of your title, duties, responsibilities or reporting lines (other than your transition to Executive Chairman as contemplated above); (iii) a material change in the principal geographic location at which you must perform services, more than fifty (50) miles from the Company's head office; (iv) a material breach by the Company of this Offer Letter. Any such event shall not constitute Good Reason unless and until you have provided the Company with written notice thereof no later than sixty (60) days following the initial occurrence of such event and the Company shall have failed to remedy such event (if capable of being remedied) within thirty (30) days of receipt of such notice, and you must terminate your employment with the Company within sixty (60) days after the expiration of such thirty (30)-day remedial period.

As used herein, "Disability" shall have the meaning set forth in the Equity Plan.

Any severance payments to you under this Offer Letter shall begin only after the date of your "separation from service" within the meaning of Section 409A and determined as set forth below, which occurs on or after date of the termination of your employment, and shall be subject to the following provisions:

(i) The intent of the parties is that payments and benefits under this Offer Letter comply with, or be exempt from Section 409A and, accordingly, to the maximum extent permitted, this Offer Letter shall be interpreted to be in compliance therewith. For purposes of Section 409A, your right to receive any installment payments pursuant to this Offer Letter will be treated as a right to receive a series of separate and distinct payments. Neither the Company nor you shall have the right to accelerate or defer the delivery of any such payments except to the extent specifically permitted or required by Section 409A.

(ii) If, as of the date of your “separation from service” from the Company, you are not a “specified employee” (within the meaning of Section 409A), then each installment of the severance payments shall be made on the dates and terms set forth in this Offer Letter.

(iii) If, as of the date of your “separation from service” from the Company, you are a “specified employee” (within the meaning of Section 409A), then:

(A) Each installment of the severance payments that, in accordance with the dates and terms set forth in this Offer Letter, will in all circumstances, regardless of when the “separation from service” occurs, be paid within the short-term deferral period (as defined in Section 409A) shall be treated as a “short-term deferral” within the meaning of Treasury Regulation Section 1.409A-1(b)(4) to the maximum extent permissible under Section 409A and shall be paid on the dates and terms set forth in this Offer Letter; and

(B) Each installment of the severance payments that is not described in clause (iii)(A) above and that would, absent this clause (B), be paid within the six-month period following your “separation from service” from the Company shall not be paid until the date that is six (6) months and one (1) day after such “separation from service” (or, if earlier, your death), with any such installments that are required to be delayed being accumulated during the six-month period and paid in a lump sum on the date that is six (6) months and one (1) day following your “separation from service” and any subsequent installments, if any, being paid in accordance with the dates and terms set forth in this Offer Letter; *provided, however*, that the preceding provisions of this clause (B) shall not apply to any installment of severance payments if and to the maximum extent that that such installment is deemed to be paid under a separation pay plan that does not provide for a deferral of compensation by reason of the application of Treasury Regulation 1.409A-1(b)(9)(iii) (relating to separation pay upon an involuntary separation from service). Any installments that qualify for the exception under Treasury Regulation Section 1.409A-1(b)(9)(iii) must be paid no later than the last day of your second taxable year following the taxable year in which the “separation from service” occurs.

(iv) The determination of whether and when your “separation from service” from the Company has occurred shall be made in a manner consistent with, and based on the presumptions set forth in, Treasury Regulation Section 1.409A-1(h). Solely for purposes of this paragraph (iv), “Company” shall include all persons with whom the Company would be considered a single employer under Section 414(b) and 414(c) of the Code.

(v) All reimbursements and in-kind benefits provided under the Offer Letter shall be made or provided in accordance with the requirements of Section 409A to the extent that such reimbursements or in-kind benefits are subject to Section 409A, including, where applicable, the requirements that (A) any reimbursement is for expenses incurred during your lifetime (or during a shorter period of time specified in this Offer Letter), (B) the amount of expenses eligible for reimbursement during a calendar year may not affect the expenses eligible for reimbursement in



any other calendar year, (C) the reimbursement of any eligible expense will be made on or before the last day of the calendar year following the year in which the expense is incurred, and (D) the right to reimbursement is not subject to set off or liquidation or exchange for any other benefit.

(vi) Notwithstanding any other provision of this Offer Letter, the Company makes no representation or warranty and shall have no liability to you or to any other person if any provisions of this Offer Letter are determined to constitute deferred compensation subject to Section 409A but do not satisfy an exemption from, or the conditions of, that section. If either you or the Company reasonably determines that any payment to you will violate Section 409A, you and the Company agree to use reasonable best efforts to restructure the payment in a manner that is either exempt from or compliant with Section 409A to the extent that the restructuring is consistent with the original economic intent of the parties. You and the Company agree to execute any and all amendments to this Offer Letter (or any other applicable agreement) that are consistent with the original economic intent of the parties and promote compliance with the distribution provisions of Section 409A in an effort to avoid or minimize, to the extent allowable by law, the tax (and any interest or penalties thereon) associated with Section 409A. If it is determined that a payment to you was (or may be) made in violation of Section 409A, the Company will cooperate, to the extent commercially reasonable, with any effort by you to mitigate the tax consequences of such violation, including cooperation with your participation in any IRS voluntary compliance program or other correction procedure under Section 409A that may be available to you; *provided*, that such correction is consistent with the commercial intent of the parties hereunder; *provided, further*, that in no event shall the Company be obligated to incur any material cost in connection with its obligations under this sentence.

Notwithstanding anything to the contrary contained in this Offer Letter, to the extent that any of the payments and benefits provided for under this Offer Letter or any other agreement or arrangement between the Company and you (collectively, the "Payments") (i) constitute a "parachute payment" within the meaning of Section 280G of the Code and (ii) but for this paragraph, would be subject to the excise tax imposed by Section 4999 of the Code, then the Payments shall be reduced to the extent necessary so that no portion of such Payments retained by you shall be subject to excise tax under Section 4999 of the Code; *provided, however*, such reduction shall only occur if after taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, such reduction results in your receipt on an after-tax basis, of the greatest amount of benefits under this Offer Letter, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code; *provided, further*, that this sentence shall not apply if, immediately before the change in ownership or control on which such Payment is contingent or otherwise relates, no stock in the Company is readily tradeable on an established securities market or otherwise (as determined in accordance with Treasury Reg. Section 1.280G-1 Q&A 6). In the event of a determination that such reduction is to take place, reduction shall occur in the following order: first, reduction of cash payments, which shall occur in reverse chronological order such that the cash payment owed on the latest date following the occurrence of the event triggering such excise tax will be the first cash payment to be reduced; second, cancellation of accelerated vesting of equity awards, which shall occur in the reverse order of the date of grant for such stock awards (i.e., the vesting of the most recently granted stock awards will be reduced first); and third, reduction of employee benefits, which shall occur in reverse chronological order such that the benefit owed on the latest date following the occurrence of the event triggering such excise tax will be the first benefit to be reduced. If two or more equity awards are granted on the same date, each award will be reduced on a pro-rata basis. Notwithstanding the foregoing, if any Payments would not be subject to such excise tax if the stockholder approval requirements of Section 280G(b)(5) of the Code are

satisfied, subject to your waiver of the rights to such Payments in accordance with Section 280G of the Code with respect to any portion of the Payments that would otherwise be subject to excise tax imposed by Section 4999 of the Code (before giving effect to any reduction in Payments contemplated in the two preceding sentences), the Company shall use its reasonable best efforts to cause such payments to be submitted for such approval prior to the event giving rise to such payments. To the extent the Company submits any payment or benefit payable to you under this Offer Letter or otherwise to the Company's stockholders for approval in accordance with Treasury Reg. Section 1.280G-1 Q&A 7, the foregoing provisions shall not apply following such submission and such payments and benefits will be treated in accordance with the results of such vote, except that any reduction in, or waiver of, such payments or benefits required by such vote will be applied without any application of discretion by you and in the order prescribed in the preceding paragraph. In no event shall you have any discretion with respect to the ordering of payment reductions. Unless you and the Company otherwise agree in writing, any determination required under this paragraph shall be made in writing by the Company's independent public accountants (the "Accountants"), whose determination shall be conclusive and binding upon you and the Company for all purposes. For purposes of making the calculations required by this paragraph, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely in reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and you shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this paragraph. The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this paragraph. If the limitation set forth in this paragraph is applied to reduce an amount payable to you, and the Internal Revenue Service successfully asserts that, despite the reduction, you have nonetheless received payments which are in excess of the maximum amount that could have been paid to you without being subjected to any excise tax, then, unless it would be unlawful for the Company to make such a loan or similar extension of credit to you, you may repay such excess amount to the Company as though such amount constitutes a loan to you made at the date of payment of such excess amount, bearing interest at 120% of the applicable federal rate (as determined under Section 1274(d) of the Code in respect of such loan).

You will be eligible to participate in any and all benefit programs that the Company establishes and makes available to its employees from time to time, provided that you are eligible under (and subject to all provisions of) the plan documents that govern those programs. Benefits are subject to change at any time in the Company's sole discretion. In addition, the Company will reimburse you for all reasonable business expenses incurred by you in the performance of your duties, subject to the Company's expense reimbursement policies applicable to senior executives in effect from time to time. You will be entitled to paid vacation time in accordance with the policies of the Company.

The Company will reimburse you, or pay directly on your behalf, for the reasonable and documented attorneys' fees you incur in connection with the review and negotiation of this Offer Letter and any related matters, up to a maximum of \$15,000, with such payment to be made within thirty (30) days after you submit appropriate documentation together with a written request specifying the amount of such legal expenses.

You represent that you are not bound by any employment contract, restrictive covenant or other restriction preventing you from entering into employment with or carrying out your responsibilities for the Company, or which is in any way inconsistent with the terms of this Offer Letter.

This offer of employment is contingent upon (x) your consent to a background check with results satisfactory to the Company, (y) your execution of the Company's Proprietary Information and Inventions Assignment Agreement, which is attached hereto as Exhibit C ("PIIA"), and (z) your presentation of satisfactory documentation that establishes identity and employment eligibility in accordance with the US Immigration and Naturalization requirements. Notwithstanding any other provision in the PIIA or any other agreement between you and the Company, Company Confidential Information shall not include any information that (i) is or becomes generally used in the industry or publicly available through lawful means and absent any wrongful conduct by you or others; (ii) any information that was known by you or lawfully in your possession prior to your employment with the Company; and (iii) is independently developed or lawfully disclosed to you by a third party that is unrelated to the Company and is not bound by obligations of confidentiality to the Company with respect to such information.

All notices or other communications required or permitted to be given under this Offer Letter shall be in writing and shall be deemed to have been duly given when delivered personally or one (1) business day after being sent by a nationally recognized overnight delivery service, charges prepaid. Notices also may be given electronically via PDF and shall be effective on the date transmitted if confirmed within 48 hours thereafter by a signed original sent in the manner provided in the preceding sentence. Notice to you shall be sent to your most recent residence and personal email address on file with the Company. Notice to the Company shall be sent to its physical address set forth on the first page hereto and addressed to the Chairperson of the Board at the email address provided by the Company for such person.

This Offer Letter, together with any documents relating to the Company equity held by you (other than any Prior Agreements), any stock grant notices or stock agreements referenced herein and the PIIA, constitutes the entire agreement and understanding between the parties as to the subject matter herein and supersedes all prior or contemporaneous agreements whether written or oral. The terms of this Offer Letter may only be modified in a specific writing signed by Executive and an authorized representative of the Company. The invalidity or unenforceability of any provision or provisions of this Offer Letter will not affect the validity or enforceability of any other provision hereof, which will remain in full force and effect. The terms in this Offer Letter may only be modified in writing and signed by you and a member of the Board. In the event of any conflict between any of the terms in this Offer Letter and the terms of any other agreement between you and the Company, the terms of this Offer Letter will control. This Offer Letter may be executed in any number of counterparts, all of which taken together shall constitute one instrument. Execution and delivery of this Offer Letter by facsimile or other electronic signature is legal, valid and binding for all purposes.

To aid in the rapid and economical resolution of any disputes that may arise in the course of the employment relationship, you and the Company agree that any and all disputes, claims, or demands in any way arising out of or relating to the terms of this Offer Letter, Company equity held by you (including, but not limited to, Founder's Equity, Anti-Dilution Shares, and Additional Shares, if any), your employment relationship with the Company, or the termination of your employment relationship with the Company, shall be resolved, to the fullest extent permitted by law, by final, binding and confidential arbitration in San Diego, California, conducted before a single neutral arbitrator selected and administered in accordance with the employment arbitration rules & procedures or then applicable equivalent rules of JAMS (the "JAMS Rules") and the Federal Arbitration Act, 9 U.S.C. Sec. 1, et seq. A copy of the JAMS rules may be found on the JAMS website at [www.jamsadr.com](http://www.jamsadr.com). BY AGREEING TO THIS ARBITRATION

PROCEDURE, YOU AND THE COMPANY WAIVE THE RIGHT TO RESOLVE ANY SUCH DISPUTE, CLAIM OR DEMAND THROUGH A TRIAL BY JURY OR JUDGE OR BY ADMINISTRATIVE PROCEEDING IN ANY JURISDICTION. You will have the right to be represented by legal counsel at any arbitration proceeding, at your expense. The arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be available under applicable law in a court proceeding and (b) issue a written statement signed by the arbitrator regarding the disposition of each claim and the relief, if any, awarded as to each claim, the reasons for the award, and the arbitrator's essential findings and conclusions on which the award is based. The arbitrator shall administer and conduct any arbitration in accordance with California law and shall apply substantive and procedural California law to any such dispute, claim or demand, without reference to any conflict-of-law provisions of any jurisdiction. To the extent that the JAMS Rules conflict with California law, California law shall take precedence. The parties agree that the prevailing party in any arbitration shall be entitled to injunctive relief in any court of competent jurisdiction to enforce the arbitration award. Nothing in this Offer Letter is intended to prevent either you or the Company from obtaining injunctive relief (or any other provisional remedy) in any court of competent jurisdiction pursuant to California Code of Civil Procedure Section 1281.8 to prevent irreparable harm (including, without limitation, pending the conclusion of any arbitration). The Company shall pay the arbitrator's fees, arbitration expenses and any other costs unique to the arbitration proceeding (recognizing that each side shall bear its own deposition, witness, expert and attorney's fees and other expenses to the same extent as if the matter were being heard in court); *provided, however*, that the arbitrator shall award attorney's fees and costs to the prevailing party, except as prohibited by law.

We are very excited about having you join our team and I anticipate that you will make many important contributions to the Company and its strategic mission. Please acknowledge your acceptance of this offer by returning a signed copy of this Offer Letter.

Very truly yours,

Gossamer Bio Services, Inc.

By: /s/ Sheila Gujrathi

Name: Sheila Gujrathi

Title: President & Chief Operating Officer

Accepted and agreed:

/s/ Faheem Hasnain

Faheem Hasnain

[Gossamer Bio Services, Inc. – Signature Page to Offer Letter]

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Exhibit A

**Outside Board Positions**

Vital Therapies, Inc.  
Tocagen, Inc.  
Sente, Inc.  
Kura Oncology, Inc.

Exhibit B

**Form of Release**

In consideration of the Termination Benefits (as defined in the Offer Letter) provided and to be provided to me by Gossamer Bio, Inc., or any successor thereof (the "Company") pursuant to my Offer Letter with Company dated January 4, 2018 (the "Offer Letter"), and in connection with the termination of my employment, the Company and I agree to the following, including a general release as specified below (the "Release").

1. On behalf of myself, my heirs, executors, administrators, successors and assigns, I hereby fully and forever generally release and discharge Company, its current, former and future parents, subsidiaries, affiliated companies, related entities, employee benefit plans and their fiduciaries, predecessors, successors, officers, directors, shareholders, agents, employees and assigns (collectively, the "Company") from any and all claims, causes of action, and liabilities up through the date of my execution of the Release (except with respect to Termination Benefits under the Offer Letter and any other rights that I have accrued under the employee benefit plans and equity award plans of the Company). The claims subject to this release include, but are not limited to, those relating to my employment with Company and/or any predecessor to Company and the termination of such employment. All such claims (including related attorneys' fees and costs) are barred without regard to whether those claims are based on any alleged breach of a duty arising in statute, contract or tort. This expressly includes waiver and release of any rights and claims arising under any and all laws, rules, regulations and ordinances, including, but not limited to: Title VII of the Civil Rights Act of 1964; the Older Workers Benefit Protection Act; the Americans With Disabilities Act; the Age Discrimination in Employment Act; the Fair Labor Standards Act; the National Labor Relations Act; the Family and Medical Leave Act; the Employee Retirement Income Security Act of 1974, as amended ("ERISA"); the Workers Adjustment and Retraining Notification Act; the California Fair Employment and Housing Act (if applicable); the provisions of the California Labor Code (if applicable); the Equal Pay Act of 1963; and any similar law of any other state or governmental entity.

2. The parties agree to apply California law in interpreting the Release. Accordingly, I further waive any rights under Section 1542 of the Civil Code of the State of California or any similar state statute. Section 1542 states: "A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which, if known to him or her, must have materially affected his or her settlement with the debtor." This Release does not extend to, and has no effect upon, (i) any benefits that have previously accrued, and to which I have become vested or otherwise entitled to, under any agreement, employee benefit plan, program or policy sponsored or maintained by the Company; (ii) my right to indemnification and/or contribution, advancement or payment of related expenses by the Company under any written indemnification or other agreement between the parties; (iii) my right to continued coverage by the Company's director's and officer's insurance, other insurance policies of the Company, COBRA or any similar state law; (iv) any claims for breach of this agreement; and (v) any claims arising after the date I sign the Release.

3. In understanding the terms of the Release and my rights, I have been advised to consult with an attorney of my choice prior to executing the Release. I understand that nothing in the Release will prohibit me from exercising legal rights that are, as a matter of law, not subject to waiver, such as: (a) my rights under applicable workers' compensation laws; (b) my right, if any, to seek state disability or unemployment benefits; (c) my right to indemnity under California Labor Code section 2802 or other applicable state-law right to indemnity; and (d) my right to file a charge or complaint with a government agency such as but not limited to the Equal Employment Opportunity Commission, the National Labor

Relations Board, the Department of Labor, the California Department of Fair Employment and Housing, or other applicable state agency. Moreover, I will continue to be indemnified for my actions taken while employed by the Company to the same extent as other then-current or former directors and officers of the Company under the Company's Certificate of Incorporation and Bylaws and the Indemnification Agreement between me and the Company, if any, and I will continue to be covered by the Company's directors and officers liability insurance policy as in effect from time to time to the same extent as are other then-current or former directors and officers of the Company, each subject to the requirements of the laws of the State of Delaware.

4. I understand and agree that Company will not provide me with the Termination Benefits unless I execute the Release. I also understand that I have received or will receive, regardless of the execution of the Release, all wages owed to me together with any accrued but unused vacation pay, less applicable withholdings and deductions, earned through my termination date.

5. In my existing and continuing obligations to Company, I have returned to Company all Company documents (and all copies thereof) and other Company property that I have had in my possession at any time, including but not limited to Company files, notes, drawings, records, business plans and forecasts, financial information, specification, computer-recorded information, tangible property (including, but not limited to, computers, laptops, pagers, etc.), credit cards, entry cards, identification badges and keys and any materials of any kind which contain or embody any proprietary or confidential information of Company (and all reproductions thereof). I understand that, even if I did not sign the Release, I am still bound by any and all confidential/proprietary/trade secret information, non-disclosure and inventions assignment agreement(s) signed by me in connection with my employment with Company, or with a predecessor or successor of Company pursuant to the terms of such agreement(s).

6. I represent and warrant that I am the sole owner of all claims relating to my employment with Company and/or with any predecessor of Company and that I have not assigned or transferred any claims relating to my employment to any other person or entity.

7. I agree to keep the Termination Benefits and the provisions of the Release confidential and not to reveal its contents to anyone except my lawyer, my accountant, my spouse or other immediate family member and/or my financial consultant, or as required by legal process or applicable law or otherwise responding accurately and fully to any question, inquiry or request for information or documents, including, without limitation, in any criminal, civil, or regulatory proceeding or investigation, or as necessary in any action for enforcement or claimed breach of this Release or any other legal dispute with the Company. Nothing in this Offer Letter shall prohibit me from reporting or disclosing information under the terms of the Company's Reporting Suspected Violations of Law Policy or such similar policy as the Company may have in effect from time to time.

8. I understand and agree that the Release will not be construed at any time as an admission of liability or wrongdoing by either the Company or me.

9. I agree that I will not make any negative or disparaging statements or comments, either as fact or as opinion, about Company, its employees, officers, directors, shareholders, vendors, products or services, business, technologies, market position or performance. The Company agrees that it shall not, and shall cause its directors, executive officers, employees and representatives not to, make any negative or disparaging statements or comments, either as fact or as opinion, about you. Nothing in this paragraph will prohibit me or the Company from providing truthful information in response to a subpoena or other legal process.



10. Any controversy or claim arising out of or relating to this Release, its enforcement or interpretation, or because of an alleged breach, default or misrepresentation in connection with any of its provisions, will be submitted to arbitration consistent with the terms of the Offer Letter.

11. As a condition of my receipt of the Termination Benefits, I agree that, upon reasonable notice (after taking into account, to the extent reasonably practicable, my other personal and business commitments) and without the necessity of Company obtaining a subpoena or court order, I will provide reasonable cooperation to Company in connection with any suit, action or proceeding (or any appeal from any suit, action or proceeding), or the decision to commence on behalf of the Company any suit, action or proceeding, any investigation and/or any defense of any claims asserted against the Company or any of the Company's current or former directors, officers, employees, partners, stockholders, agents or representatives of any of the foregoing, and any ongoing or future investigation or dispute or claim of any kind involving the Company that relates to events occurring during my employment as to which I may have relevant information and any other matter for which I was responsible or had knowledge of through date of my termination of employment. Such cooperation may include, but will not be limited to, providing background information within my knowledge; aiding in the drafting of declarations; executing declarations or similar documents; testifying or otherwise appearing at investigation interviews, depositions, arbitrations or court hearings; and preparing for the above-described or similar activities. Upon the reasonable request of Company, I agree to cooperate with the transition of my job responsibilities on any termination of employment and cooperate in providing information on matters on which I was involved while an employee..

12. I agree that I have had at least twenty-one (21) calendar days in which to consider whether to execute the Release, no one hurried me into executing the Release during that period and no one coerced me into executing the Release. I understand that the offer of the Termination Benefits and the Release will expire on the twenty-second (22nd) calendar day after my employment termination date if I have not accepted it by that time. I further understand that Company's obligations under the Release will not become effective or enforceable until the eighth (8th) calendar day after the date I sign the Release provided that I have timely delivered it to Company (the "Effective Date") and that in the seven (7) day period following the date I deliver a signed copy of the Release to Company I understand that I may revoke my acceptance of the Release. I understand that the Termination Benefits will become available to me at such time after the Effective Date.

13. In executing the Release, I acknowledge that I have not relied upon any statement made by Company, or any of its representatives or employees, with regard to the Release unless the representation is specifically included herein. Furthermore, the Release contains our entire understanding regarding eligibility for Termination Benefits and supersedes any or all prior representations and agreements regarding the subject matter of the Release. However, the Release does not modify, amend or supersede written Company agreements that are consistent with enforceable provisions of the Release such as my Offer Letter, confidential information and invention assignment agreement, and any stock, stock option and/or stock purchase agreements between Company and me. Once effective and enforceable, this agreement can be changed only by another written agreement signed by me and an authorized representative of Company.

14. Should any provision of the Release be determined by an arbitrator, court of competent jurisdiction or government agency to be wholly or partially invalid or unenforceable, the legality, validity and enforceability of the remaining parts, terms or provisions are intended to remain in full force and effect. Specifically, should a court, arbitrator or agency conclude that a particular claim may not be released as a matter of law, it is the intention of the parties that the general release and the waiver of unknown claims above will otherwise remain effective to release any and all other claims. I acknowledge

that I have obtained sufficient information to intelligently exercise my own judgment regarding the terms of the Release before executing the Release.

15. The Termination Benefits provided and to be provided to me by the Company consist of the applicable benefits and payments in accordance with the Offer Letter.

16. The Release may be executed in any number of counterparts, all of which taken together shall constitute one instrument. Execution and delivery of the Release by facsimile or other electronic signature is legal, valid and binding for all purposes.

17. The Release will be governed by and enforced under California law, without regard to its conflict of law rules that would result in the application of the laws of any other jurisdiction.

[Signature page follows]

**EMPLOYEE'S ACCEPTANCE OF RELEASE**

**BEFORE SIGNING MY NAME TO THE RELEASE, I STATE THE FOLLOWING: I HAVE READ THE RELEASE, I UNDERSTAND IT AND I KNOW THAT I AM GIVING UP IMPORTANT RIGHTS. I HAVE OBTAINED SUFFICIENT INFORMATION TO INTELLIGENTLY EXERCISE MY OWN JUDGMENT. I HAVE BEEN ADVISED THAT I SHOULD CONSULT WITH AN ATTORNEY BEFORE SIGNING IT, AND I HAVE SIGNED THE RELEASE KNOWINGLY AND VOLUNTARILY.**

**EFFECTIVE UPON EXECUTION BY EMPLOYEE AND THE COMPANY.**

Executed this \_\_\_\_ day of \_\_\_\_\_, 20\_\_

\_\_\_\_\_

Agreed and Accepted:

Gossamer Bio Services, Inc.

\_\_\_\_\_

By:  
Title:  
Date:

**Proprietary Information and Inventions Assignment Agreement**

**PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT**

The following confirms an agreement (“**Agreement**”) between you and **GOSSAMER BIO SERVICES, INC.**, a Delaware corporation (the “**Company**,” which term includes the Company’s parent, Gossamer Bio, Inc. (“**Parent**”), Parent’s subsidiaries, and any other entity in which I am asked to provide services for, and each of their respective successors and assigns), which is a material part of the consideration for my employment and continued employment by the Company:

**PROPRIETARY INFORMATION.** I understand that my employment creates a relationship of confidence and trust between me and the Company with respect to Proprietary Information of the Company, its business partners or its customers or suppliers which may be learned by me during the period of my employment or any period prior thereto wherein I was performing services for the Company or any predecessor thereof. For purposes of this Agreement, “**Proprietary Information**” is any information, data, trade secret or know-how (whether in tangible or electronic form or maintained in mind or memory or in another intangible form of expression) that was or is developed by, or became or becomes known by the Company or me in relation to my employment with the Company or otherwise concerns the business, operations, products, or technology of the Company, or was or is assigned or otherwise conveyed to the Company. “Proprietary Information” also includes, without limitation, all financial, business, scientific, technical, economic and/or engineering information, including without limitation, business strategies, business plans, forecasts, strategies, development plans, promotional and marketing objectives, results of research, trials or operations, pricing, customer lists, supplier lists, patent disclosures, patent applications, know-how, trade secrets, compilations, ideas, inventions, improvements, research, discoveries, techniques, methods, processes, manufacturing techniques, procedures, formulations, designs, patterns, drawings, flow charts, schematics, tooling, plans, configurations, specifications, documents, data sheets, mock-ups, models, compounds, compositions, structures, prototypes, programs, computer code, algorithms, mechanisms, materials, equipment, samples, test results, opinions, data, analysis, the salaries, duties, qualifications, performance levels, and terms of compensation of other employees and other proprietary information. Proprietary Information does not include any of the foregoing items that is or has become publicly and widely known and made generally available through no wrongful act of mine or of others who were under confidentiality obligations as to the item or items involved.

**COVENANTS AND AGREEMENTS.** In consideration of my employment by the Company and the compensation received by me from the Company from time to time, I hereby agree as follows:

**Confidentiality.** At all times, both during my employment by the Company and after its termination, I will keep in confidence and trust and will not use or disclose any Proprietary Information or anything relating to it without the written consent of the Company, except as may be necessary in the ordinary course of performing my duties to the Company.

**Defend Trade Secrets Act Notice of Immunity Rights.** I acknowledge that the Company has provided me with the following notice of immunity rights in compliance with the requirements of the Defend Trade Secrets Act: (i) I shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of Proprietary Information that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law; (ii) I shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of Proprietary Information that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; and (iii) if I file a lawsuit for retaliation by the Company for reporting a suspected violation of law, I may disclose the Proprietary Information to my attorney and use the Proprietary Information in the court proceeding, if I file any document containing the

Proprietary Information under seal, and do not disclose the Proprietary Information, except pursuant to court order.

**Return of Company Documents.** In the event of the termination of my employment by me or by the Company for any reason, I shall return all physical and electronic documents and records and all apparatus, equipment and other property, or any reproduction of such property, whether or not pertaining to Proprietary Information, furnished to me by the Company or produced by myself or others in connection with my employment, to the Company immediately as and when requested by the Company.

**Disclosure of Inventions.** I will promptly disclose to the Company, or any persons designated by it, all Inventions made or conceived or reduced to practice or developed by me, either alone or jointly with others, during the term of my employment or any period prior thereto wherein I was performing services for the Company or any predecessor thereof, in sufficient detail to enable the Company to practice such inventions. **“Inventions”** includes all improvements, inventions, discoveries, formulas, ideas, circuits, mask works, works of authorship, processes, computer programs, algorithms, techniques, schematics, industrial designs, know-how and data, whether or not patentable. I will also disclose to the Company all Inventions conceived, reduced to practice, or developed by me within six (6) months of the termination of my employment with the Company. Such disclosure shall be received by the Company in confidence and does not extend the assignment made in Section 2(e) below.

**Ownership; Assignment of Inventions.** I agree that all Proprietary Information, and all Inventions which I make, conceive, reduce to practice or develop (in whole or in part, either alone or jointly with others) during my employment or any period prior thereto wherein I was performing services for the Company or any predecessor thereof, are and shall be the sole property of the Company to the maximum extent permitted by law. I hereby assign to the Company any and all rights I may have or acquire in such Inventions and/or in any other Proprietary Information of the Company and any and all worldwide patents, patent applications, copyrights, mask work rights, industrial design rights, trade secret rights and other intellectual property rights related thereto or resulting therefrom. The Company’s ownership and my assignment hereunder shall not extend to Inventions that (a) qualify fully under the provisions of Section 2870 of the California Labor Code, a copy of which is attached hereto as Exhibit A, if I am employed in California or (b) I developed entirely on my own time without using the Company’s equipment, supplies, facilities, or trade secret information except for those inventions that either: (1) relate at the time of conception or reduction to practice of the invention to the Company’s business, or actual or demonstrably anticipated research or development of the Company; or (2) result from any work performed by me for the Company.

**Assignment of Moral Rights.** In addition to the foregoing assignment of Inventions to the Company, I hereby irrevocably transfer and assign to the Company any and all “Moral Rights” (as defined below) that I may have in or with respect to any Invention. I also hereby forever waive and agree never to assert any and all Moral Rights I may have in or with respect to any Invention, even after termination of my work on behalf of the Company. “Moral Rights” mean any rights to claim authorship of an invention to object to or prevent the modification of any Invention, or to withdraw from circulation or control the publication or distribution of any Invention, and any similar right, existing under judicial or statutory law of any country in the world, or under any treaty, regardless of whether or not such right is denominated or generally referred to as a “moral right.”

**Work for Hire.** I acknowledge and agree that any copyrightable works prepared by me within the scope of my employment are “works for hire” under the Copyright Act and that the Company will be considered the author and owner of such copyrightable works.

**Prior Inventions.** I have attached as Exhibit B a complete list of all Inventions or improvements that relate to the business of the Company or actual or demonstrably anticipated research or development of the Company, that have been made or conceived or first reduced to practice by me alone or jointly with others prior to my employment by the Company or any period prior thereto wherein I was performing services for the Company or any predecessor thereof that I desire to clarify for the record are not Inventions which are to be assigned to Company under this Agreement, and I covenant that such list is complete. If no such list is attached to this Agreement, I represent that I have no such Inventions and improvements at the time of signing this Agreement. I will not use any prior Inventions in the performance of my duties without the prior express written consent of my supervisor, and if I do (but only if I do), I hereby grant to Company a perpetual, irrevocable, royalty-free, worldwide, full paid-up, transferable, sub-licensable, right and license to use and exploit the same.

**Enforcement of Inventions; Further Actions.** I agree to perform, during and after my employment, all acts deemed necessary or desirable by the Company to permit and assist it, at the Company's expense, in obtaining, maintaining and enforcing patents, copyrights, trade secret rights, rights with respect to mask works or other rights on such Inventions and/or any other Inventions I have or may at any time assign to the Company and any designee of the Company in any and all countries. Such acts may include, but are not limited to, execution of documents and assistance or cooperation in legal proceedings. I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents, as my agents and attorneys-in-fact to act for and in my behalf and instead of me, to execute and file any applications or related filings and to do all other lawfully permitted acts to further the prosecution and issuance of patents, copyrights, trade secret rights, rights with respect to mask works or other rights thereon with the same legal force and effect as if executed by me.

**Records.** I agree to keep and maintain adequate and current records (in the form of notes, sketches, drawings and in any other form that may be required by the Company) of all Proprietary Information developed by me and all Inventions made by me during the period of my employment at the Company, which records shall be available to and remain the sole property of the Company at all times.

**Non-Competition.** During the period of my employment with the Company, without the prior written approval of an executive officer of the Company (or if I am an executive officer of the Company, without the prior approval of the Company's Board of Directors), I will not, either as an employee, employer, consultant, agent, principal, partner or officer, engage or participate in any employment, business or activity that is directly competitive with the business or proposed business of the Company, and will not assist any other person or organization in directly competing with the Company, or in preparing to engage in direct competition with the business or proposed business of the Company. The provisions of this section shall apply both during normal working hours and at all other times, including, without limitation, nights, weekends and vacation time, while I am employed by the Company.

**No Solicitation.** During the term of my employment and for one (1) year thereafter, I will not, either directly or through others, solicit or attempt to solicit any employee, independent contractor or consultant of the Company to terminate his or her relationship with the Company in order to become an employee, consultant or independent contractor to or for any other person or entity, or otherwise encourage or solicit any employee of the Company to leave the Company for any reason or to devote less than all of any such employee's efforts to the affairs of the Company; provided that the foregoing shall not affect any responsibility I may have as an employee of the Company with respect to the bona fide hiring and firing of Company personnel.

**No Conflicting Obligations.** I represent that my performance of all the terms of this Agreement will not breach any agreement or obligation to keep in confidence proprietary information acquired by me in confidence or in trust prior to my employment with the Company. I have not entered

into, and I agree I will not enter into, any agreement either written or oral in conflict with this Agreement or in conflict with my employment with the Company.

**No Improper Use of Information of Prior Employers and Others.** During my employment by the Company, I will not improperly use or disclose any confidential information or trade secrets, if any, of any former employer or any other person to whom I have an obligation of confidentiality, and I will not bring onto the premises of the Company any unpublished documents or any property belonging to any former employer or any other person to whom I have an obligation of confidentiality unless expressly authorized in writing by that former employer or person. Unless disclosed on Exhibit B hereto, I will use in the performance of my duties only information which is generally known and used by persons with training and experience comparable to my own, which is common knowledge in the industry or otherwise legally in the public domain, or which is otherwise provided or developed by the Company.

**Notification of New Employer.** In the event that I leave the employ of the Company, I hereby consent to the notification of my new employer of my rights and obligations under this Agreement.

#### **GENERAL PROVISIONS.**

**Employment.** I agree and understand that my employment with the Company constitutes "AT-WILL" employment and that nothing in this Agreement shall confer any right with respect to continuation of employment by the Company, nor shall it interfere in any way with my right or the Company's right to terminate my employment at any time, with or without cause.

**Successors and Assigns.** This Agreement shall be effective as of the first day of my employment by the Company, and shall be binding upon me, my heirs, executors, assigns, and administrators and shall inure to the benefit of the Company, its subsidiaries, successors and assigns. I will not assign this Agreement or my obligations hereunder without the prior written consent of the Company, which consent may be withheld in the Company's sole discretion, and any such purported assignment without consent shall be null and void.

**Survival.** The provisions of this Agreement shall survive the termination of my employment and the assignment of this Agreement by the Company to any successor in interest or other assignee.

**Legal and Equitable Remedies.** Because my services are personal and unique and because I may have access to and become acquainted with the Proprietary Information of the Company, the Company shall have the right to enforce this Agreement and any of its provisions by injunction, specific performance or other equitable relief, without bond and without prejudice to any other rights and remedies that the Company may have for a breach of this Agreement.

**Severability.** If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provisions shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provisions were so excluded and shall be enforceable in accordance with its terms.

**Titles.** The titles and headings appearing at the beginning of the numbered sections and at the beginning of paragraphs have been inserted for convenience only and do not constitute any part of this Agreement.

**Governing Law; Consent to Personal Jurisdiction.** I understand and agree that this Agreement shall be interpreted and enforced in accordance with the laws of the State of California without



regard to the conflict of laws provisions thereof. I hereby expressly consent to the personal jurisdiction of the state and federal courts located in San Diego County, California for any lawsuit filed there against me by Company arising from or related to this Agreement.

**Entire Agreement; Amendment.** This Agreement and the Exhibits hereto contain the entire understanding between the parties relating to the subject matter hereof and supersede any and all prior agreements, understandings and arrangements, whether written or oral, between the parties relating to such subject matter hereof. This Agreement may only be amended in writing by the Company and me and our respective permitted successors and assigns.

**Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall be deemed one instrument.

*[Signature Page Follows]*

Dated: Jan 4, 2018

/s/ Faheem Hasnain  
Name: Faheem Hasnain

Accepted and Agreed to:

**GOSSAMER BIO SERVICES, INC.**

By: /s/ Sheila Gujrathi  
Name: Sheila Gujrathi  
Title: President & Chief Operating Officer

**[SIGNATURE PAGE TO PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT]**

**EXHIBIT A**

§2870. Application of provision providing that employee shall assign or offer to assign rights in invention to employer.

(a) Any provisions in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either: (1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or (2) Result from any work performed by the employee for the employer.

(b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

**EXHIBIT B**

**GOSSAMER BIO SERVICES, INC.**

Ladies and Gentlemen:

1. The following is a complete list of all inventions or improvements that relate to the business of **GOSSAMER BIO SERVICES, INC.** (the “**Company**”) or actual or demonstrably anticipated research or development of the Company, that have been made or conceived or first reduced to practice by me alone or jointly with others prior to my employment by the Company or any period prior thereto wherein I was performing services for the Company or any predecessor thereof that I desire to clarify for the record are not Inventions which are to be assigned to Company under the Company’s Proprietary Information and Inventions Agreement.

No inventions or improvements.

See below:

**Invention Description**

**Patent No.**

**Date of Issue**

Additional sheets attached.

2. I propose to bring to my employment the following materials and documents of a former employer (provide copies of express written authorizations by former employer, if applicable):

No materials or documents.

/s/ Faheem Hasnain

\_\_\_\_\_  
Faheem Hasnain

**Gossamer Bio, Inc.**  
3013 Science Park Road, Suite 200  
San Diego, CA 92112

December 4, 2018

Bryan Giraud  
c/o Gossamer Bio, Inc.  
3013 Science Park Road, Suite 200  
San Diego, CA 92112

Dear Bryan:

This letter agreement (this "Agreement") confirms the terms of your continuing employment with Gossamer Bio, Inc. ("Parent") and, effective January 1, 2019, with Gossamer Bio Services, Inc., a wholly-owned subsidiary of Parent ("Gossamer Services," and together with Parent, the "Company"). This Agreement is effective as of December 4, 2018 (the "Effective Date").

1. Title and Duties.

(a) Title and Duties. You will be employed by the Company, on a full-time basis, as its Chief Financial Officer and to serve as an officer with that same position of Parent, working out of the Company's headquarters located in San Diego, California. You shall have all the duties, responsibilities and authority commensurate with these positions, subject to the supervision of, and reporting directly to, the Chief Executive Officer of the Company (the "Supervising Officer"). For the avoidance of doubt, all references in this Agreement to your "employment with the Company" shall include your employment with the Company and any of its affiliates and subsidiaries, as applicable.

(b) Time Commitment; Outside Activities. You agree to perform the duties and responsibilities of your positions, and such other duties and responsibilities as shall from time to time be mutually agreed upon between you and the Supervising Officer. You agree that, while employed by the Company, you will devote substantially all of your business time and your best efforts, business judgment, skill and knowledge exclusively to the advancement of the business and interests of the Company and to the discharge of your duties and responsibilities for it; *provided, however*, it is agreed that you may participate in outside charitable, civic, educational, professional, community or industry activities to the extent such activities do not individually or in the aggregate interfere with your duties and responsibilities to the Company or create an actual or potential conflict of interest with the Company's business; *provided, further*, that your service on any outside boards (whether for profit or non-profit) shall require the prior consent of the Supervising Officer. You agree to abide by the rules, regulations, instructions, personnel practices and policies of the Company, as adopted and amended from time to time by the Company.

(c) Transfer of Employment to Gossamer Services. Effective January 1, 2019, the Company will undertake an internal reorganization pursuant to which the employment of all employees will be transferred from Parent to Gossamer Services. As a result, effective January 1, 2019, Gossamer Services will be your employer of record. There will be no break in service as a

result of this transfer of employment. You will continue to work in your same position, with the same terms and conditions of employment, and with the same Supervising Officer, as is currently in effect. In addition, you will continue to participate in substantially the same employee benefit plans that you participated in prior to the transfer, with no immediate changes in benefits or coverage (unless you elect any such changes during open enrollment for 2019). Subject to your elections, all applicable benefits withholdings and elections will continue following the transfer of your employment. Except as described in Section 2(e) below, all other terms and conditions related to your employment will be assigned to Gossamer Services and will remain in full force and effect after the transfer of your employment.

## 2. Compensation.

(a) Base Salary. You will receive an annual base salary of \$400,000, payable in accordance with the normal payroll practices of the Company in effect from time to time. Your performance will be reviewed by the Compensation Committee of the Board of Directors of Parent (the "Board") or the Supervising Officer on an annual basis in conjunction with an annual salary review.

(b) Annual Bonus. Commencing with calendar year 2018, you will be eligible to receive an annual cash incentive bonus with a target amount equal to 40% of your then-current annual base salary (the "Target Bonus"). Your bonus in respect of 2018, and any future bonuses, will be subject to the terms of the applicable bonus plan developed and approved by the Board or the Compensation Committee of the Board. Any bonus awarded will be paid on or before March 15 of the calendar year immediately following the year for which the bonus was awarded, subject to your employment at the end of the calendar year for which the bonus is due, except as otherwise expressly provided for herein. To the extent your employment with Parent commenced following January 1, 2018, your 2018 annual bonus will be pro-rated to reflect your service during 2018.

(c) Benefits. You will be eligible to participate in any and all benefit programs that the Company establishes and makes available to its employees from time to time, provided that you are eligible under (and subject to all provisions of) the plan documents that govern those programs. Benefits are subject to change at any time in the Company's sole discretion.

(d) Expense Reimbursements. The Company will reimburse you for all reasonable business expenses incurred by you in the performance of your duties, subject to the Company's expense reimbursement policies applicable to senior executives in effect from time to time.

(e) Paid Time Off. You will be entitled to paid time off in accordance with the policies of the Company. In connection with your transfer of employment to Gossamer Services effective January 1, 2019, you may be entitled to receive payment of any accrued, unused paid time off that you have accrued with Parent. However, if you receive a payout of all accrued, unused paid time off, please understand you will have no paid time off available to you immediately after the transfer of your employment. In order to avoid this result, Parent and Gossamer Services have arranged to rollover your accrued, unused paid time off to Gossamer Services. If you do not want to rollover your accrued, unused paid time off to the Company, please check the "No Rollover" box below the signature line below. If you do want to rollover your accrued, unused paid time off, and have it available for use with the Company, please check the "Rollover PTO" box below the signature line below. Gossamer Services' paid time off policy will be the same as the policy currently in effect at Parent.

3. At-Will Employment; Termination.

(a) At-Will Employment; Notice of Resignation. This Agreement shall not be construed as an agreement, either express or implied, to employ you for any stated term, and shall in no way alter the Company's policy of employment at-will, under which both the Company and you remain free to end the employment relationship for any reason, at any time, with or without cause or notice. Although your job duties, title, compensation and benefits, as well as the Company's personnel policies and procedures, may change from time to time, the "at-will" nature of your employment may only be changed by a written agreement signed by you and an executive officer of the Company, which expressly states the intention to modify the at-will nature of your employment. Similarly, nothing in this Agreement shall be construed as an agreement, either express or implied, to pay you any compensation or grant you any benefit beyond the end of your employment with the Company, except as otherwise explicitly set forth herein.

(b) Termination Payment. In the event your employment with the Company ever terminates, on your last day of employment, you will receive your accrued but unpaid base salary and all accrued but unused paid time off through the last day of your employment, in accordance with the Company's then-current payroll policies and practices (the "Termination Payment").

(c) Termination Without Cause or Resignation For Good Reason Prior to a Change in Control or More Than 12 Months Following a Change in Control. Without otherwise limiting the "at-will" nature of your employment, in the event your employment is terminated at any time by the Company (or any of its subsidiaries or affiliates, as applicable, or any of their respective successors or assigns) without Cause (as defined below) (excluding by reason of your death and Disability (as defined below)) or by you for Good Reason in each case prior to a Change in Control (as defined below) or more than twelve (12) months following a Change in Control, then, in addition to the Termination Payment, the Company shall provide the following payments and benefits ("Severance Benefits"): (i) continued payment of your base salary at the then-current rate per pay period for a period of nine (9) months following your termination date, in accordance with the Company's then-current payroll policies and practices; and (ii) provided you timely elect and remain eligible for coverage pursuant to Part 6 of Title I of ERISA, or similar state law (collectively, "COBRA"), payment or reimbursement to you of an amount equal to the full monthly premium for COBRA continuation coverage under the Company's medical plans as in effect on the date of your termination with respect to the level of coverage in effect for you and your eligible dependents as of the date of your termination, on a monthly basis on the first business day of the calendar month next following the calendar month in which the applicable COBRA premiums were paid, with respect to the period from the date of your termination until the earlier of (x) nine (9) months following such date and (y) the date you become eligible for coverage under a subsequent employer's medical plan.

(d) Termination Without Cause or Resignation For Good Reason Within 12 Months Following a Change in Control. In the event your employment is terminated at any time by the Company (or any of its subsidiaries or affiliates, as applicable, or any of their respective successors or assigns) without Cause (excluding by reason of your death and Disability) or by you for Good Reason, in each case on or within twelve (12) months after a Change in Control, then, in

addition to the Termination Payment, the Company shall provide the following payments and benefits (“Change in Control Severance Benefits”): (i) continued payment of your base salary at the then-current rate per pay period for a period of twelve (12) months following your termination date, in accordance with the Company’s then-current payroll policies and practices; (ii) payment of your Target Bonus for the calendar year during which your date of termination occurs, on the Payment Date; (iii) full vesting of any unvested portion of any equity awards then held by you, which shall no longer be subject to any restrictions or forfeiture, and full exercisability with respect to stock options and similar awards; and (iv) provided you timely elect and remain eligible for coverage pursuant to COBRA, payment or reimbursement to you of an amount equal to the full monthly premium for COBRA continuation coverage under the Company’s medical plans as in effect on the date of your termination with respect to the level of coverage in effect for you and your eligible dependents as of the date of your termination, on a monthly basis on the first business day of the calendar month next following the calendar month in which the applicable COBRA premiums were paid, with respect to the period from the date of your termination until the earlier of (x) twelve (12) months following such date and (y) the date you become eligible for coverage under a subsequent employer’s medical plan. Notwithstanding anything to the contrary and for the avoidance of doubt, any Change in Control Severance Benefits paid to you shall be instead of, and not in addition to, any Severance Benefits that may be paid to you.

(e) Death or Disability. In the event your employment is terminated at any time by the Company (or any of its subsidiaries or affiliates, as applicable, or any of their respective successors or assigns) by reason of your death or Disability, then, in addition to the Termination Payment, the Company shall provide that the greater of (i) fifty percent (50%) of the unvested portion of any equity awards then held by you immediately prior to such termination or (ii) the portion of such equity awards that would have otherwise vested in the nine (9) month period following the date of such termination of employment, shall vest and shall no longer be subject to restrictions or forfeiture on the date of such termination (“Qualified Accelerated Vesting”).

(f) Release. Notwithstanding anything to the contrary in the foregoing, you will not be entitled to receive any Severance Benefits, Change in Control Severance Benefits or Qualified Accelerated Vesting, as applicable (to the extent applicable, the “Termination Benefits”) unless, within sixty (60) days following the date of termination, you, or in the event of your death or Disability, your legal representatives, have executed a general release of all known and unknown claims and covenant not to sue in the form attached hereto as Exhibit A (with such changes to such form to help ensure enforceability under applicable law) (the “Release”), and any revocation period thereunder has lapsed without exercise by you (or your legal representatives) of such revocation right.

(g) Payment Timing. The Termination Benefits shall be paid or provided or shall commence on the first payroll period following the date the Release becomes effective (the “Payment Date”) and the first payment shall include all accrued amounts from the date of termination, provided that if the period during which you may deliver the Release required hereunder spans two (2) calendar years, the Payment Date shall be no earlier than January 1 of the second calendar year.

(h) Definitions.

(i) For purposes of this Agreement, “Change in Control” shall have the meaning set forth in the Gossamer Bio, Inc. 2017 Equity Incentive Plan, as in effect on the Effective Date (the “Equity Plan”); *provided, however*, that effective on the date on which the



Company's Registration Statement on Form S-1 filed with respect to the Company's initial public offering ("IPO") becomes effective, "Change in Control" shall have the meaning set forth in the equity plan adopted by Parent in connection with the IPO.

(ii) As used herein, "Cause" means: (A) a willful and material act of dishonesty by you in connection with the performance of your duties as an employee of the Company; (B) your conviction of, or plea of guilty or nolo contendere to, a felony, or any crime involving fraud or embezzlement that the Board reasonably determines has had or is reasonably likely to have a materially detrimental effect on the Company's reputation or business; (C) your gross misconduct in the performance of your duties as an employee of the Company; (D) your willful and material unauthorized use or disclosure of any proprietary information or trade secrets of the Company or any other party to whom you owe an obligation of nondisclosure as a result of your relationship with the Company; (E) your willful and material breach of any obligations under any written agreement or written covenant with the Company; or (F) your continued willful and substantial failure to perform your material employment duties that are lawfully assigned to you in good faith by your reporting superior (other than as a result of your death or Disability) after written notice. Cause shall not exist unless, in any case, you have first received a written notice from the Board that sets forth the factual basis for the Board's determination as to any behavior or occurrence claimed as Cause and you fail to cure such claimed behavior or occurrence, if curable, to the reasonable satisfaction of a majority of the Board within ten (10) business days after receiving such written notice, in which case your termination date will be the expiration date of the cure period, if any. For purposes of this paragraph, no act or failure to act on your part shall be considered "willful" unless it is done or omitted to be done by you in bad faith and without reasonable belief that the act or failure to act was in the best interest of the Company.

(iii) As used herein, "Good Reason" means the occurrence of one or more of the following, without your written consent: (A) a material reduction in your base salary or target annual bonus; (B) a material diminution of your title, duties, responsibilities or reporting lines; (C) a material change in the principal geographic location at which you must perform services, more than fifty (50) miles from the Company's head office; (D) a material breach by the Company of this Agreement. Any such event shall not constitute Good Reason unless and until you have provided the Company with written notice thereof no later than sixty (60) days following the initial occurrence of such event and the Company shall have failed to remedy such event (if capable of being remedied) within thirty (30) days of receipt of such notice, and you must terminate your employment with the Company within sixty (60) days after the expiration of such thirty (30)-day remedial period.

(iv) As used herein, "Disability" means a permanent and total disability within the meaning of Section 22(e)(3) of the Code, as it may be amended from time to time.

(i) Section 409A of the Code. Any severance payments to you under this Agreement shall begin only after the date of your "separation from service" within the meaning of Internal Revenue Code Section 409A and the regulations and guidance promulgated thereunder (collectively "Section 409A") and determined as set forth below, which occurs on or after date of the termination of your employment, and shall be subject to the following provisions:

(i) The intent of the parties is that payments and benefits under this Agreement comply with, or be exempt from Section 409A and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. For purposes

of Section 409A, your right to receive any installment payments pursuant to this Agreement will be treated as a right to receive a series of separate and distinct payments. Neither the Company nor you shall have the right to accelerate or defer the delivery of any such payments except to the extent specifically permitted or required by Section 409A.

(ii) If, as of the date of your “separation from service” from the Company, you are not a “specified employee” (within the meaning of Section 409A), then each installment of the severance payments shall be made on the dates and terms set forth in this Agreement.

(iii) If, as of the date of your “separation from service” from the Company, you are a “specified employee” (within the meaning of Section 409A), then:

(A) Each installment of the severance payments that, in accordance with the dates and terms set forth in this Agreement, will in all circumstances, regardless of when the “separation from service” occurs, be paid within the short-term deferral period (as defined in Section 409A) shall be treated as a “short-term deferral” within the meaning of Treasury Regulation Section 1.409A-1(b)(4) to the maximum extent permissible under Section 409A and shall be paid on the dates and terms set forth in this Agreement; and

(B) Each installment of the severance payments that is not described in clause (iii)(A) above and that would, absent this clause (B), be paid within the six-month period following your “separation from service” from the Company shall not be paid until the date that is six (6) months and one (1) day after such “separation from service” (or, if earlier, your death), with any such installments that are required to be delayed being accumulated during the six-month period and paid in a lump sum on the date that is six (6) months and one (1) day following your “separation from service” and any subsequent installments, if any, being paid in accordance with the dates and terms set forth in this Agreement; *provided, however*, that the preceding provisions of this clause (B) shall not apply to any installment of severance payments if and to the maximum extent that that such installment is deemed to be paid under a separation pay plan that does not provide for a deferral of compensation by reason of the application of Treasury Regulation 1.409A-1(b)(9)(iii) (relating to separation pay upon an involuntary separation from service). Any installments that qualify for the exception under Treasury Regulation Section 1.409A-1(b)(9)(iii) must be paid no later than the last day of your second taxable year following the taxable year in which the “separation from service” occurs.

(iv) The determination of whether and when your “separation from service” from the Company has occurred shall be made in a manner consistent with, and based on the presumptions set forth in, Treasury Regulation Section 1.409A-1(h). Solely for purposes of this paragraph (iv), “Company” shall include all persons with whom the Company would be considered a single employer under Section 414(b) and 414(c) of the Code.

(v) All reimbursements and in-kind benefits provided under the Agreement shall be made or provided in accordance with the requirements of Section 409A to the extent that such reimbursements or in-kind benefits are subject to Section 409A, including, where applicable, the requirements that (A) any reimbursement is for expenses incurred during your lifetime (or during a shorter period of time specified in this Agreement), (B) the amount of expenses eligible for reimbursement during a calendar year may not affect the expenses eligible for reimbursement in any other calendar year, (C) the reimbursement of any eligible expense will be made on or before the last day of the calendar year following the year in which the expense is incurred, and (D) the right to reimbursement is not subject to set off or liquidation or exchange for any other benefit.

(vi) Notwithstanding any other provision of this Agreement, the Company makes no representation or warranty and shall have no liability to you or to any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A but do not satisfy an exemption from, or the conditions of, that section. If either you or the Company reasonably determines that any payment to you will violate Section 409A, you and the Company agree to use reasonable best efforts to restructure the payment in a manner that is either exempt from or compliant with Section 409A to the extent that the restructuring is consistent with the original economic intent of the parties. You and the Company agree to execute any and all amendments to this Agreement (or any other applicable agreement) that are consistent with the original economic intent of the parties and promote compliance with the distribution provisions of Section 409A in an effort to avoid or minimize, to the extent allowable by law, the tax (and any interest or penalties thereon) associated with Section 409A. If it is determined that a payment to you was (or may be) made in violation of Section 409A, the Company will cooperate, to the extent commercially reasonable, with any effort by you to mitigate the tax consequences of such violation, including cooperation with your participation in any IRS voluntary compliance program or other correction procedure under Section 409A that may be available to you; *provided*, that such correction is consistent with the commercial intent of the parties hereunder; *provided, further*, that in no event shall the Company be obligated to incur any material cost in connection with its obligations under this sentence.

(vii) Notwithstanding the foregoing, if a Change in Control would give rise to a payment or settlement event with respect to any payment or benefit that constitutes “nonqualified deferred compensation,” the transaction or event constituting the Change in Control must also constitute a “change in control event” (as defined in Treasury Regulation §1.409A-3(i)(5)) in order to give rise to the payment or settlement event for such payment or benefit, to the extent required by Section 409A.

#### 4. Section 280G of the Code.

(a) Best Pay Provision. Notwithstanding anything to the contrary contained in this Agreement, to the extent that any of the payments and benefits provided for under this Agreement or any other agreement or arrangement between the Company and you (collectively, the “Payments”) (i) constitute a “parachute payment” within the meaning of Section 280G of the Code and (ii) but for this paragraph, would be subject to the excise tax imposed by Section 4999 of the Code, then the Payments shall be reduced to the extent necessary so that no portion of such Payments retained by you shall be subject to excise tax under Section 4999 of the Code; *provided, however*, such reduction shall only occur if after taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999 of the Code, such reduction results in your receipt on an after-tax basis, of the greatest amount of benefits under this Agreement, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code; *provided, further*, that this sentence shall not apply if, immediately before the change in ownership or control on which such Payment is contingent or otherwise relates, no stock in the Company is readily tradeable on an established securities market or otherwise (as determined in accordance with Treasury Reg. Section 1.280G-1 Q&A 6). In the event of a determination that such reduction is to take place, reduction shall occur in the following order: first, reduction of cash payments, which shall occur in reverse chronological order such that the cash payment owed on the latest date following the occurrence of the event triggering such excise tax will be the first cash

payment to be reduced; second, cancellation of accelerated vesting of equity awards, which shall occur in the reverse order of the date of grant for such stock awards (i.e., the vesting of the most recently granted stock awards will be reduced first); and third, reduction of employee benefits, which shall occur in reverse chronological order such that the benefit owed on the latest date following the occurrence of the event triggering such excise tax will be the first benefit to be reduced. If two or more equity awards are granted on the same date, each award will be reduced on a pro-rata basis.

(b) Stockholder Approval. Notwithstanding the foregoing, if any Payments would not be subject to such excise tax if the stockholder approval requirements of Section 280G(b)(5) of the Code are satisfied, subject to your waiver of the rights to such Payments in accordance with Section 280G of the Code with respect to any portion of the Payments that would otherwise be subject to excise tax imposed by Section 4999 of the Code (before giving effect to any reduction in Payments contemplated in the two preceding sentences), the Company shall use its reasonable best efforts to cause such payments to be submitted for such approval prior to the event giving rise to such payments. To the extent the Company submits any payment or benefit payable to you under this Agreement or otherwise to the Company's stockholders for approval in accordance with Treasury Reg. Section 1.280G-1 Q&A 7, the foregoing provisions shall not apply following such submission and such payments and benefits will be treated in accordance with the results of such vote, except that any reduction in, or waiver of, such payments or benefits required by such vote will be applied without any application of discretion by you and in the order prescribed in the preceding paragraph. In no event shall you have any discretion with respect to the ordering of payment reductions.

(c) Calculations. Unless you and the Company otherwise agree in writing, any determination required under this paragraph shall be made in writing by the Company's independent public accountants immediately preceding the change in ownership or control on which such Payments are contingent or otherwise relate (the "Accountants"), whose determination shall be conclusive and binding upon you and the Company for all purposes. For purposes of making the calculations required by this Section 4, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely in reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and you shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this paragraph. The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this paragraph. If the limitation set forth in Section 4(a) is applied to reduce an amount payable to you, and the Internal Revenue Service successfully asserts that, despite the reduction, you have nonetheless received payments which are in excess of the maximum amount that could have been paid to you without being subjected to any excise tax, then, unless it would be unlawful for the Company to make such a loan or similar extension of credit to you, you may repay such excess amount to the Company as though such amount constitutes a loan to you made at the date of payment of such excess amount, bearing interest at 120% of the applicable federal rate (as determined under Section 1274(d) of the Code in respect of such loan).

#### 5. Restrictive Covenants.

(a) No Other Agreements. You represent that you are not bound by any employment contract, restrictive covenant or other restriction preventing you from entering into employment with or carrying out your responsibilities for the Company, or which is in any way inconsistent with the terms of this Agreement.

(b) PIIA. You have previously executed the Company's Proprietary Information and Inventions Assignment Agreement, which is attached hereto as Exhibit B ("PIIA"), and you hereby reaffirm your agreements and obligations thereunder.

(c) Defend Trade Secrets Act Notice of Immunity Rights. You acknowledge that the Company has provided you with the following notice of immunity rights in compliance with the requirements of the Defend Trade Secrets Act: (i) you shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of Proprietary Information (as defined in the PIIA) that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law; (ii) you shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of Proprietary Information that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; and (iii) if you file a lawsuit for retaliation by the Company for reporting a suspected violation of law, you may disclose the Proprietary Information to your attorney and use the Proprietary Information in the court proceeding, if you file any document containing the Proprietary Information under seal, and do not disclose the Proprietary Information, except pursuant to court order.

6. Notices. All notices or other communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given when delivered personally or one (1) business day after being sent by a nationally recognized overnight delivery service, charges prepaid. Notices also may be given electronically via PDF and shall be effective on the date transmitted if confirmed within 48 hours thereafter by a signed original sent in the manner provided in the preceding sentence. Notice to you shall be sent to your most recent residence and personal email address on file with the Company. Notice to the Company shall be sent to its physical address set forth on the first page hereto and addressed to the Chairperson of the Board at the email address provided by the Company for such person.

7. Entire Agreement; Miscellaneous. This Agreement, together with any documents relating to the Company equity held by you, any stock grant notices or stock agreements referenced herein and the PIIA, constitutes the entire agreement and understanding between the parties as to the subject matter herein and supersedes all prior or contemporaneous agreements whether written or oral. The terms of this Agreement may only be modified in a specific writing signed by you and an authorized representative of the Company. The invalidity or unenforceability of any provision or provisions of this Agreement will not affect the validity or enforceability of any other provision hereof, which will remain in full force and effect. The terms in this Agreement may only be modified in writing and signed by you and an executive officer of the Company. In the event of any conflict between any of the terms in this Agreement and the terms of any other agreement between you and the Company, the terms of this Agreement will control. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one instrument. Execution and delivery of this Agreement by facsimile or other electronic signature is legal, valid and binding for all purposes. This Agreement is intended to bind and inure to the benefit of and be enforceable by you and the Company, and their respective successors, assigns, heirs, executors and administrators, except that you may not assign any of your duties hereunder and you may not assign any of your rights hereunder, without the written consent of the Company, which shall not be withheld unreasonably.

8. Governing Law. Your employment and this Agreement will be governed by the laws of the State of California, without reference to conflicts of laws principles which would result in the application of the law of any other jurisdiction.

9. Arbitration. To aid in the rapid and economical resolution of any disputes that may arise in the course of the employment relationship, you and the Company agree that any and all disputes, claims, or demands in any way arising out of or relating to the terms of this Agreement, Company equity held by you, your employment relationship with the Company, or the termination of your employment relationship with the Company, shall be resolved, to the fullest extent permitted by law, by final, binding and confidential arbitration in San Diego, California, conducted before a single neutral arbitrator selected and administered in accordance with the employment arbitration rules & procedures or then applicable equivalent rules of JAMS (the “JAMS Rules”) and the Federal Arbitration Act, 9 U.S.C. Sec. 1, et seq. A copy of the JAMS rules may be found on the JAMS website at [www.jamsadr.com](http://www.jamsadr.com) and will be provided to you by the Company upon request. BY AGREEING TO THIS ARBITRATION PROCEDURE, YOU AND THE COMPANY WAIVE THE RIGHT TO RESOLVE ANY SUCH DISPUTE, CLAIM OR DEMAND THROUGH A TRIAL BY JURY OR JUDGE OR BY ADMINISTRATIVE PROCEEDING IN ANY JURISDICTION. You will have the right to be represented by legal counsel at any arbitration proceeding, at your expense. The arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be available under applicable law in a court proceeding and (b) issue a written statement signed by the arbitrator regarding the disposition of each claim and the relief, if any, awarded as to each claim, the reasons for the award, and the arbitrator’s essential findings and conclusions on which the award is based. The arbitrator shall administer and conduct any arbitration in accordance with California law and shall apply substantive and procedural California law to any such dispute, claim or demand, without reference to any conflict-of-law provisions of any jurisdiction. To the extent that the JAMS Rules conflict with California law, California law shall take precedence. The parties agree that the prevailing party in any arbitration shall be entitled to injunctive relief in any court of competent jurisdiction to enforce the arbitration award. Nothing in this Agreement is intended to prevent either you or the Company from obtaining injunctive relief (or any other provisional remedy) in any court of competent jurisdiction pursuant to California Code of Civil Procedure Section 1281.8 to prevent irreparable harm (including, without limitation, pending the conclusion of any arbitration). The Company shall pay the arbitrator’s fees, arbitration expenses and any other costs unique to the arbitration proceeding (recognizing that each side shall bear its own deposition, witness, expert and attorney’s fees and other expenses to the same extent as if the matter were being heard in court).

10. Withholding and other Deductions. All compensation payable to you hereunder shall be subject to such deductions as the Company is from time to time required to make pursuant to law, governmental regulation or order.

Please acknowledge your acceptance of the terms of this Agreement by returning a signed copy of this Agreement.

Very truly yours,

Gossamer Bio, Inc.

By: /s/ Sheila Gujrathi, M.D.

Name: Sheila Gujrathi, M.D.

Title: Chief Executive Officer and President

Gossamer Bio Services, Inc.

By: /s/ Sheila Gujrathi, M.D.

Name: Sheila Gujrathi, M.D.

Title: Chief Executive Officer and President

Agreed and Accepted:

I have read and understood this Agreement and hereby acknowledge, accept and agree to the terms as set forth above.

/s/Bryan Giraudo

Bryan Giraudo

Date: December 4, 2018

- Rollover PTO.** I want to rollover my accrued, unused paid time off, and to have it available for use with the Company following the transfer of my employment.
- No Rollover.** I do not want to rollover my accrued, unused paid time off, and understand that I will receive a payout of my accrued, unused paid time off and I will not have any paid time off available immediately following the transfer of my employment to the Company.

Exhibit A

**Form of Release**

In consideration of the Termination Benefits (as defined in the Agreement) provided and to be provided to me by Gossamer Bio, Inc., or any affiliate or successor thereof (the "Company") pursuant to my Agreement with Company dated December 4, 2018 (the "Agreement"), and in connection with the termination of my employment, the Company and I agree to the following, including a general release as specified below (the "Release").

1. On behalf of myself, my heirs, executors, administrators, successors and assigns, I hereby fully and forever generally release and discharge Company, its current, former and future parents, subsidiaries, affiliated companies, related entities, employee benefit plans and their fiduciaries, predecessors, successors, officers, directors, shareholders, agents, employees and assigns (collectively, the "Company Releasees") from any and all claims, causes of action, and liabilities up through the date of my execution of the Release (except with respect to Termination Benefits under the Agreement and any other rights that I have accrued under the employee benefit plans and equity award plans of the Company). The claims subject to this release include, but are not limited to, those relating to my employment with Company and/or any predecessor to the Company and the termination of such employment. All such claims (including related attorneys' fees and costs) are barred without regard to whether those claims are based on any alleged breach of a duty arising in statute, contract or tort. This expressly includes waiver and release of any rights and claims arising under any and all laws, rules, regulations and ordinances, including, but not limited to: Title VII of the Civil Rights Act of 1964; the Older Workers Benefit Protection Act; the Americans With Disabilities Act; the Age Discrimination in Employment Act; the Fair Labor Standards Act; the National Labor Relations Act; the Family and Medical Leave Act; the Employee Retirement Income Security Act of 1974, as amended ("ERISA"); the Workers Adjustment and Retraining Notification Act; the California Fair Employment and Housing Act (if applicable); the provisions of the California Labor Code (if applicable); the Equal Pay Act of 1963; and any similar law of any other state or governmental entity.

2. The parties agree to apply California law in interpreting the Release. Accordingly, I further waive any rights under Section 1542 of the Civil Code of the State of California or any similar state statute. Section 1542 states:

**"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which, if known to him or her, must have materially affected his or her settlement with the debtor."**

This Release does not extend to, and has no effect upon, (a) any benefits that have previously accrued, and to which I have become vested or otherwise entitled to, under any agreement, employee benefit plan, program or policy sponsored or maintained by the Company; (b) my right to indemnification and/or contribution, advancement or payment of related expenses by the Company under any written indemnification or other agreement between the parties; (c) my right to continued coverage by the Company's director's and officer's insurance, other insurance policies of the Company, COBRA or any similar state law; (d) any claims for breach of this Release or the Agreement; (e) any claims that may not be released by private agreement; and (f) any claims arising after the date I sign the Release.



3. In understanding the terms of the Release and my rights, I have been advised to consult with an attorney of my choice prior to executing the Release. I understand that nothing in the Release will prohibit me from exercising legal rights that are, as a matter of law, not subject to waiver, such as: (a) my rights under applicable workers' compensation laws; (b) my right, if any, to seek state disability or unemployment benefits; (c) my right to indemnity under California Labor Code section 2802 or other applicable state-law right to indemnity; (d) my right to file a charge or complaint with a government agency such as but not limited to the Equal Employment Opportunity Commission, the National Labor Relations Board, the Department of Labor, the California Department of Fair Employment and Housing, or other applicable state agency; and (e) my right to communicate or cooperate with any governmental agency and to receive awards from or by a government agency for providing information. Moreover, I will continue to be indemnified for my actions taken while employed by the Company to the same extent as other then-current or former directors and officers of the Company under the Company's Certificate of Incorporation and Bylaws and the Indemnification Agreement between me and the Company, if any, and I will continue to be covered by the Company's directors and officers liability insurance policy as in effect from time to time to the same extent as are other then-current or former directors and officers of the Company, each subject to the requirements of the laws of the State of Delaware.

4. I understand and agree that Company will not provide me with the Termination Benefits unless I execute the Release. I also understand that I have received or will receive, regardless of the execution of the Release, all wages owed to me together with any accrued but unused paid time off, less applicable withholdings and deductions, earned through my termination date.

5. In my existing and continuing obligations to Company, I have returned to Company all Company documents (and all copies thereof) and other Company property that I have had in my possession at any time, including but not limited to Company files, notes, drawings, records, business plans and forecasts, financial information, specification, computer-recorded information, tangible property (including, but not limited to, computers, laptops, pagers, etc.), credit cards, entry cards, identification badges and keys and any materials of any kind which contain or embody any proprietary or confidential information of Company (and all reproductions thereof). I understand that, even if I did not sign the Release, I am still bound by any and all confidential/proprietary/trade secret information, non-disclosure and inventions assignment agreement(s) signed by me in connection with my employment with Company, or with a predecessor or successor of Company pursuant to the terms of such agreement(s).

6. I represent and warrant that I am the sole owner of all claims relating to my employment with Company and/or with any predecessor of Company and that I have not assigned or transferred any claims relating to my employment to any other person or entity.

7. I agree to keep the Termination Benefits and the provisions of the Release confidential and not to reveal its contents to anyone except my lawyer, my accountant, my spouse or other immediate family member and/or my financial consultant, or as required by legal process or applicable law or otherwise responding accurately and fully to any question, inquiry or request for information or documents, including, without limitation, in any criminal, civil, or regulatory proceeding or investigation, or as necessary in any action for enforcement or claimed breach of this Release or any other legal dispute with the Company. Nothing in this Agreement shall prohibit me from reporting or disclosing information under the terms of the Company's Reporting Suspected Violations of Law Policy or such similar policy as the Company may have in effect from time to time.

8. I understand and agree that the Release will not be construed at any time as an admission of liability or wrongdoing by either the Company Releasees or me.

9. I agree that I will not make any negative or disparaging statements or comments, either as fact or as opinion, about the Company, its employees, officers, directors, shareholders, vendors, products or services, business, technologies, market position or performance. The Company agrees that it shall not, and shall cause its directors, executive officers, employees and representatives not to, make any negative or disparaging statements or comments, either as fact or as opinion, about you. Nothing in this paragraph will prohibit me or the Company from providing truthful information in response to a subpoena or other legal process.

10. Any controversy or claim arising out of or relating this Release, its enforcement or interpretation, or because of an alleged breach, default or misrepresentation in connection with any of its provisions, will be submitted to arbitration consistent with the terms of the Agreement.

11. As a condition of my receipt of the Termination Benefits, I agree that, upon reasonable notice (after taking into account, to the extent reasonably practicable, my other personal and business commitments) and without the necessity of Company obtaining a subpoena or court order, I will provide reasonable cooperation to Company in connection with any suit, action or proceeding (or any appeal from any suit, action or proceeding), or the decision to commence on behalf of the Company any suit, action or proceeding, any investigation and/or any defense of any claims asserted against the Company or any of the Company's current or former directors, officers, employees, partners, stockholders, agents or representatives of any of the foregoing, and any ongoing or future investigation or dispute or claim of any kind involving the Company that relates to events occurring during my employment as to which I may have relevant information and any other matter for which I was responsible or had knowledge of through date of my termination of employment. Such cooperation may include, but will not be limited to, providing background information within my knowledge; aiding in the drafting of declarations; executing declarations or similar documents; testifying or otherwise appearing at investigation interviews, depositions, arbitrations or court hearings; and preparing for the above-described or similar activities. Upon the reasonable request of Company, I agree to cooperate with the transition of my job responsibilities on any termination of employment and cooperate in providing information on matters on which I was involved while an employee.

12. As provided in the Older Workers Benefit Protection Act, I am hereby advised and agree that:

(a) I have had at least twenty-one (21) calendar days in which to consider whether to execute the Release, no one hurried me into executing the Release during that period and no one coerced me into executing the Release. If I signed this Release prior to the expiration of the twenty-one (21) day period, I did so voluntarily and waive the balance of the twenty-one (21) day period. I understand that the offer of the Termination Benefits and the Release will expire on the twenty-second (22nd) calendar day after my employment termination date if I have not accepted it by that time.

(b) I am hereby advised to consult with a lawyer before signing this Agreement.

(c) This Release provides for consideration in addition to any amount I am otherwise entitled to receive without signing this Release.

(d) This Release does not release any claims arising out of events occurring after I sign this Release

(e) I may revoke this Agreement within the seven (7) day period following the date on which I signed this Release. I understand that if I revoke this release, the Company will not be obligated to provide the Termination Benefits. I further understand that Company's obligations under the Release will not become effective or enforceable until the eighth (8th) calendar day after the date I sign the Release provided that I have timely delivered it to Company (the "Release Effective Date") and have not timely revoked it. I understand that the Termination Benefits will become available to me at such time after the Release Effective Date.

13. In executing the Release, I acknowledge that I have not relied upon any statement made by Company, or any of its representatives or employees, with regard to the Release unless the representation is specifically included herein. Furthermore, the Release contains our entire understanding regarding eligibility for Termination Benefits and supersedes any or all prior representations and agreements regarding the subject matter of the Release. However, the Release does not modify, amend or supersede written Company agreements that are consistent with enforceable provisions of the Release such as my Agreement, confidential information and invention assignment agreement, and any stock, stock option and/or stock purchase agreements between Company and me. Once effective and enforceable, this Release can be changed only by another written agreement signed by me and an authorized representative of Company.

14. Should any provision of the Release be determined by an arbitrator, court of competent jurisdiction or government agency to be wholly or partially invalid or unenforceable, the legality, validity and enforceability of the remaining parts, terms or provisions are intended to remain in full force and effect. Specifically, should a court, arbitrator or agency conclude that a particular claim may not be released as a matter of law, it is the intention of the parties that the general release and the waiver of unknown claims above will otherwise remain effective to release any and all other claims. I acknowledge that I have obtained sufficient information to intelligently exercise my own judgment regarding the terms of the Release before executing the Release.

15. The Termination Benefits provided and to be provided to me by the Company consist of the applicable benefits and payments in accordance with the Agreement.

16. The Release may be executed in any number of counterparts, all of which taken together shall constitute one instrument. Execution and delivery of the Release by facsimile or other electronic signature is legal, valid and binding for all purposes.

17. The Release will be governed by and enforced under California law, without regard to its conflict of law rules that would result in the application of the laws of any other jurisdiction.

[Signature page follows]

EMPLOYEE'S ACCEPTANCE OF RELEASE

BEFORE SIGNING MY NAME TO THE RELEASE, I STATE THE FOLLOWING: I HAVE READ THE RELEASE, I UNDERSTAND IT AND I KNOW THAT I AM GIVING UP IMPORTANT RIGHTS. I HAVE OBTAINED SUFFICIENT INFORMATION TO INTELLIGENTLY EXERCISE MY OWN JUDGMENT. I HAVE BEEN ADVISED THAT I SHOULD CONSULT WITH AN ATTORNEY BEFORE SIGNING IT, AND I HAVE SIGNED THE RELEASE KNOWINGLY AND VOLUNTARILY.

EFFECTIVE UPON EXECUTION BY EMPLOYEE AND THE COMPANY.

Executed this       day of       , 20

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Agreed and Accepted:

Gossamer Bio, Inc.

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By:  
Title:  
Date:

Gossamer Bio Services, Inc.

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By:  
Title:  
Date:

**Proprietary Information and Inventions Assignment Agreement**

**PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT**

The following confirms an agreement (“**Agreement**”) between you and **GOSSAMER BIO SERVICES, INC.**, a Delaware corporation (the “**Company**,” which term includes the Company’s parent, Gossamer Bio, Inc. (“**Parent**”), Parent’s subsidiaries, and any other entity in which I am asked to provide services for, and each of their respective successors and assigns), which is a material part of the consideration for my employment and continued employment by the Company:

1. **PROPRIETARY INFORMATION.** I understand that my employment creates a relationship of confidence and trust between me and the Company with respect to Proprietary Information of the Company, its business partners or its customers or suppliers which may be learned by me during the period of my employment or any period prior thereto wherein I was performing services for the Company or any predecessor thereof. For purposes of this Agreement, “**Proprietary Information**” is any information, data, trade secret or know-how (whether in tangible or electronic form or maintained in mind or memory or in another intangible form of expression) that was or is developed by, or became or becomes known by the Company or me in relation to my employment with the Company or otherwise concerns the business, operations, products, or technology of the Company, or was or is assigned or otherwise conveyed to the Company. “Proprietary Information” also includes, without limitation, all financial, business, scientific, technical, economic and/or engineering information, including without limitation, business strategies, business plans, forecasts, strategies, development plans, promotional and marketing objectives, results of research, trials or operations, pricing, customer lists, supplier lists, patent disclosures, patent applications, know-how, trade secrets, compilations, ideas, inventions, improvements, research, discoveries, techniques, methods, processes, manufacturing techniques, procedures, formulations, designs, patterns, drawings, flow charts, schematics, tooling, plans, configurations, specifications, documents, data sheets, mock-ups, models, compounds, compositions, structures, prototypes, programs, computer code, algorithms, mechanisms, materials, equipment, samples, test results, opinions, data, analysis, the salaries, duties, qualifications, performance levels, and terms of compensation of other employees and other proprietary information. Proprietary Information does not include any of the foregoing items that is or has become publicly and widely known and made generally available through no wrongful act of mine or of others who were under confidentiality obligations as to the item or items involved.

2. **COVENANTS AND AGREEMENTS.** In consideration of my employment by the Company and the compensation received by me from the Company from time to time, I hereby agree as follows:

(a) **Confidentiality.** At all times, both during my employment by the Company and after its termination, I will keep in confidence and trust and will not use or disclose any Proprietary Information or anything relating to it without the written consent of the Company, except as may be necessary in the ordinary course of performing my duties to the Company.

(b) **Defend Trade Secrets Act Notice of Immunity Rights.** I acknowledge that the Company has provided me with the following notice of immunity rights in compliance with the requirements of the Defend Trade Secrets Act: (i) I shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of Proprietary Information that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law; (ii) I shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of Proprietary Information that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; and (iii) if I file a lawsuit for retaliation by the Company for reporting a suspected violation of law, I may disclose the

Proprietary Information to my attorney and use the Proprietary Information in the court proceeding, if I file any document containing the Proprietary Information under seal, and do not disclose the Proprietary Information, except pursuant to court order.

(c) **Return of Company Documents.** In the event of the termination of my employment by me or by the Company for any reason, I shall return all physical and electronic documents and records and all apparatus, equipment and other property, or any reproduction of such property, whether or not pertaining to Proprietary Information, furnished to me by the Company or produced by myself or others in connection with my employment, to the Company immediately as and when requested by the Company.

(d) **Disclosure of Inventions.** I will promptly disclose to the Company, or any persons designated by it, all Inventions made or conceived or reduced to practice or developed by me, either alone or jointly with others, during the term of my employment or any period prior thereto wherein I was performing services for the Company or any predecessor thereof, in sufficient detail to enable the Company to practice such inventions. “**Inventions**” includes all improvements, inventions, discoveries, formulas, ideas, circuits, mask works, works of authorship, processes, computer programs, algorithms, techniques, schematics, industrial designs, know-how and data, whether or not patentable. I will also disclose to the Company all Inventions conceived, reduced to practice, or developed by me within six (6) months of the termination of my employment with the Company. Such disclosure shall be received by the Company in confidence and does not extend the assignment made in Section 2(e) below.

(e) **Ownership; Assignment of Inventions.** I agree that all Proprietary Information, and all Inventions which I make, conceive, reduce to practice or develop (in whole or in part, either alone or jointly with others) during my employment or any period prior thereto wherein I was performing services for the Company or any predecessor thereof, are and shall be the sole property of the Company to the maximum extent permitted by law. I hereby assign to the Company any and all rights I may have or acquire in such Inventions and/or in any other Proprietary Information of the Company and any and all worldwide patents, patent applications, copyrights, mask work rights, industrial design rights, trade secret rights and other intellectual property rights related thereto or resulting therefrom. The Company’s ownership and my assignment hereunder shall not extend to Inventions that (a) qualify fully under the provisions of Section 2870 of the California Labor Code, a copy of which is attached hereto as Exhibit A, if I am employed in California or (b) I developed entirely on my own time without using the Company’s equipment, supplies, facilities, or trade secret information except for those inventions that either: (1) relate at the time of conception or reduction to practice of the invention to the Company’s business, or actual or demonstrably anticipated research or development of the Company; or (2) result from any work performed by me for the Company.

(f) **Assignment of Moral Rights.** In addition to the foregoing assignment of Inventions to the Company, I hereby irrevocably transfer and assign to the Company any and all “Moral Rights” (as defined below) that I may have in or with respect to any Invention. I also hereby forever waive and agree never to assert any and all Moral Rights I may have in or with respect to any Invention, even after termination of my work on behalf of the Company. “Moral Rights” mean any rights to claim authorship of an invention to object to or prevent the modification of any Invention, or to withdraw from circulation or control the publication or distribution of any Invention, and any similar right, existing under judicial or statutory law of any country in the world, or under any treaty, regardless of whether or not such right is denominated or generally referred to as a “moral right.”

(g) **Work for Hire.** I acknowledge and agree that any copyrightable works prepared by me within the scope of my employment are “works for hire” under the Copyright Act and that the Company will be considered the author and owner of such copyrightable works.

(h) **Prior Inventions.** I have attached as Exhibit B a complete list of all Inventions or improvements that relate to the business of the Company or actual or demonstrably anticipated research or development of the Company, that have been made or conceived or first reduced to practice by me alone or jointly with others prior to my employment by the Company or any period prior thereto wherein I was performing services for the Company or any predecessor thereof that I desire to clarify for the record are not Inventions which are to be assigned to Company under this Agreement, and I covenant that such list is complete. If no such list is attached to this Agreement, I represent that I have no such Inventions and improvements at the time of signing this Agreement. I will not use any prior Inventions in the performance of my duties without the prior express written consent of my supervisor, and if I do (but only if I do), I hereby grant to Company a perpetual, irrevocable, royalty-free, worldwide, full paid-up, transferable, sub-licensable, right and license to use and exploit the same.

(i) **Enforcement of Inventions; Further Actions.** I agree to perform, during and after my employment, all acts deemed necessary or desirable by the Company to permit and assist it, at the Company's expense, in obtaining, maintaining and enforcing patents, copyrights, trade secret rights, rights with respect to mask works or other rights on such Inventions and/or any other Inventions I have or may at any time assign to the Company and any designee of the Company in any and all countries. Such acts may include, but are not limited to, execution of documents and assistance or cooperation in legal proceedings. I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents, as my agents and attorneys-in-fact to act for and in my behalf and instead of me, to execute and file any applications or related filings and to do all other lawfully permitted acts to further the prosecution and issuance of patents, copyrights, trade secret rights, rights with respect to mask works or other rights thereon with the same legal force and effect as if executed by me.

(j) **Records.** I agree to keep and maintain adequate and current records (in the form of notes, sketches, drawings and in any other form that may be required by the Company) of all Proprietary Information developed by me and all Inventions made by me during the period of my employment at the Company, which records shall be available to and remain the sole property of the Company at all times.

(k) **Non-Competition.** During the period of my employment with the Company, without the prior written approval of an executive officer of the Company (or if I am an executive officer of the Company, without the prior approval of the Company's Board of Directors), I will not, either as an employee, employer, consultant, agent, principal, partner or officer, engage or participate in any employment, business or activity that is directly competitive with the business or proposed business of the Company, and will not assist any other person or organization in directly competing with the Company, or in preparing to engage in direct competition with the business or proposed business of the Company. The provisions of this section shall apply both during normal working hours and at all other times, including, without limitation, nights, weekends and vacation time, while I am employed by the Company.

(l) **No Solicitation.** During the term of my employment and for one (1) year thereafter, I will not, either directly or through others, solicit or attempt to solicit any employee, independent contractor or consultant of the Company to terminate his or her relationship with the Company in order to become an employee, consultant or independent contractor to or for any other person or entity, or otherwise encourage or solicit any employee of the Company to leave the Company for any reason or to devote less than all of any such employee's efforts to the affairs of the Company; provided that the foregoing shall not affect any responsibility I may have as an employee of the Company with respect to the bona fide hiring and firing of Company personnel.



(m) **No Conflicting Obligations.** I represent that my performance of all the terms of this Agreement will not breach any agreement or obligation to keep in confidence proprietary information acquired by me in confidence or in trust prior to my employment with the Company. I have not entered into, and I agree I will not enter into, any agreement either written or oral in conflict with this Agreement or in conflict with my employment with the Company.

(n) **No Improper Use of Information of Prior Employers and Others.** During my employment by the Company, I will not improperly use or disclose any confidential information or trade secrets, if any, of any former employer or any other person to whom I have an obligation of confidentiality, and I will not bring onto the premises of the Company any unpublished documents or any property belonging to any former employer or any other person to whom I have an obligation of confidentiality unless expressly authorized in writing by that former employer or person. Unless disclosed on Exhibit B hereto, I will use in the performance of my duties only information which is generally known and used by persons with training and experience comparable to my own, which is common knowledge in the industry or otherwise legally in the public domain, or which is otherwise provided or developed by the Company.

(o) **Notification of New Employer.** In the event that I leave the employ of the Company, I hereby consent to the notification of my new employer of my rights and obligations under this Agreement.

### 3. GENERAL PROVISIONS.

(a) **Employment.** I agree and understand that my employment with the Company constitutes "AT-WILL" employment and that nothing in this Agreement shall confer any right with respect to continuation of employment by the Company, nor shall it interfere in any way with my right or the Company's right to terminate my employment at any time, with or without cause.

(b) **Successors and Assigns.** This Agreement shall be effective as of the first day of my employment by the Company, and shall be binding upon me, my heirs, executors, assigns, and administrators and shall inure to the benefit of the Company, its subsidiaries, successors and assigns. I will not assign this Agreement or my obligations hereunder without the prior written consent of the Company, which consent may be withheld in the Company's sole discretion, and any such purported assignment without consent shall be null and void.

(c) **Survival.** The provisions of this Agreement shall survive the termination of my employment and the assignment of this Agreement by the Company to any successor in interest or other assignee.

(d) **Legal and Equitable Remedies.** Because my services are personal and unique and because I may have access to and become acquainted with the Proprietary Information of the Company, the Company shall have the right to enforce this Agreement and any of its provisions by injunction, specific performance or other equitable relief, without bond and without prejudice to any other rights and remedies that the Company may have for a breach of this Agreement.

(e) **Severability.** If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provisions shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provisions were so excluded and shall be enforceable in accordance with its terms.

(f) **Titles.** The titles and headings appearing at the beginning of the numbered sections and at the beginning of paragraphs have been inserted for convenience only and do not constitute any part of this Agreement.

(g) **Governing Law; Consent to Personal Jurisdiction.** I understand and agree that this Agreement shall be interpreted and enforced in accordance with the laws of the State of California without regard to the conflict of laws provisions thereof. I hereby expressly consent to the personal jurisdiction of the state and federal courts located in San Diego County, California for any lawsuit filed there against me by Company arising from or related to this Agreement.

(h) **Entire Agreement; Amendment.** This Agreement and the Exhibits hereto contain the entire understanding between the parties relating to the subject matter hereof and supersede any and all prior agreements, understandings and arrangements, whether written or oral, between the parties relating to such subject matter hereof. This Agreement may only be amended in writing by the Company and me and our respective permitted successors and assigns.

(i) **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall be deemed one instrument.

*[Signature Page Follows]*

Dated: 5/7/18

/s/ Bryan Giraudo

Name: Bryan Giraudo

Accepted and Agreed to:

**GOSSAMER BIO SERVICES, INC.**

By: /s/ Christian Waage

Name: Christian Waage

Title: EVP & General Counsel

SIGNATURE PAGE TO PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT

**EXHIBIT A**

§2870. Application of provision providing that employee shall assign or offer to assign rights in invention to employer.

(a) Any provisions in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either: (1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or (2) Result from any work performed by the employee for the employer.

(b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

**EXHIBIT B**

**GOSSAMER BIO SERVICES, INC.**

Ladies and Gentlemen:

1. The following is a complete list of all inventions or improvements that relate to the business of **GOSSAMER BIO SERVICES, INC.** (the “**Company**”) or actual or demonstrably anticipated research or development of the Company, that have been made or conceived or first reduced to practice by me alone or jointly with others prior to my employment by the Company or any period prior thereto wherein I was performing services for the Company or any predecessor thereof that I desire to clarify for the record are not Inventions which are to be assigned to Company under the Company’s Proprietary Information and Inventions Agreement.

No inventions or improvements.

See below:

<u>Invention Description</u>	<u>Patent No.</u>	<u>Date of Issue</u>
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Additional sheets attached.

2. I propose to bring to my employment the following materials and documents of a former employer (provide copies of express written authorizations by former employer, if applicable):

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No materials or documents.

/s/ Bryan Giraudo  
Print Name: Bryan Giraudo

**Gossamer Bio, Inc.**  
3013 Science Park Road, Suite 200  
San Diego, CA 92112

December 4, 2018

Christian Waage  
c/o Gossamer Bio, Inc.  
3013 Science Park Road, Suite 200  
San Diego, CA 92112

Dear Christian:

This letter agreement (this "Agreement") confirms the terms of your continuing employment with Gossamer Bio, Inc. ("Parent") and, effective January 1, 2019, with Gossamer Bio Services, Inc., a wholly-owned subsidiary of Parent ("Gossamer Services," and together with Parent, the "Company"). This Agreement is effective as of December 4, 2018 (the "Effective Date").

1. Title and Duties.

(a) Title and Duties. You will be employed by the Company, on a full-time basis, as its Executive Vice President and General Counsel and to serve as an officer with that same position of Parent, working out of the Company's headquarters located in San Diego, California. You shall have all the duties, responsibilities and authority commensurate with these positions, subject to the supervision of, and reporting directly to, the Chief Executive Officer of the Company (the "Supervising Officer"). For the avoidance of doubt, all references in this Agreement to your "employment with the Company" shall include your employment with the Company and any of its affiliates and subsidiaries, as applicable.

(b) Time Commitment; Outside Activities. You agree to perform the duties and responsibilities of your positions, and such other duties and responsibilities as shall from time to time be mutually agreed upon between you and the Supervising Officer. You agree that, while employed by the Company, you will devote substantially all of your business time and your best efforts, business judgment, skill and knowledge exclusively to the advancement of the business and interests of the Company and to the discharge of your duties and responsibilities for it; *provided, however*, it is agreed that you may participate in outside charitable, civic, educational, professional, community or industry activities to the extent such activities do not individually or in the aggregate interfere with your duties and responsibilities to the Company or create an actual or potential conflict of interest with the Company's business; *provided, further*, that your service on any outside boards (whether for profit or non-profit) shall require the prior consent of the Supervising Officer. You agree to abide by the rules, regulations, instructions, personnel practices and policies of the Company, as adopted and amended from time to time by the Company.

(c) Transfer of Employment to Gossamer Services. Effective January 1, 2019, the Company will undertake an internal reorganization pursuant to which the employment of all employees will be transferred from Parent to Gossamer Services. As a result, effective January 1, 2019, Gossamer Services will be your employer of record. There will be no break in service as a

result of this transfer of employment. You will continue to work in your same position, with the same terms and conditions of employment, and with the same Supervising Officer, as is currently in effect. In addition, you will continue to participate in substantially the same employee benefit plans that you participated in prior to the transfer, with no immediate changes in benefits or coverage (unless you elect any such changes during open enrollment for 2019). Subject to your elections, all applicable benefits withholdings and elections will continue following the transfer of your employment. Except as described in Section 2(e) below, all other terms and conditions related to your employment will be assigned to Gossamer Services and will remain in full force and effect after the transfer of your employment.

## 2. Compensation.

(a) Base Salary. You will receive an annual base salary of \$370,000, payable in accordance with the normal payroll practices of the Company in effect from time to time. Your performance will be reviewed by the Compensation Committee of the Board of Directors of Parent (the "Board") or the Supervising Officer on an annual basis in conjunction with an annual salary review. Effective upon the completion of the IPO (as defined below), your annual base salary shall be increased to \$390,000.

(b) Annual Bonus. Commencing with calendar year 2018, you will be eligible to receive an annual cash incentive bonus with a target amount equal to 40% of your then-current annual base salary (the "Target Bonus"). Your bonus in respect of 2018, and any future bonuses, will be subject to the terms of the applicable bonus plan developed and approved by the Board or the Compensation Committee of the Board. Any bonus awarded will be paid on or before March 15 of the calendar year immediately following the year for which the bonus was awarded, subject to your employment at the end of the calendar year for which the bonus is due, except as otherwise expressly provided for herein.

(c) Benefits. You will be eligible to participate in any and all benefit programs that the Company establishes and makes available to its employees from time to time, provided that you are eligible under (and subject to all provisions of) the plan documents that govern those programs. Benefits are subject to change at any time in the Company's sole discretion.

(d) Expense Reimbursements. The Company will reimburse you for all reasonable business expenses incurred by you in the performance of your duties, subject to the Company's expense reimbursement policies applicable to senior executives in effect from time to time.

(e) Paid Time Off. You will be entitled to paid time off in accordance with the policies of the Company. In connection with your transfer of employment to Gossamer Services effective January 1, 2019, you may be entitled to receive payment of any accrued, unused paid time off that you have accrued with Parent. However, if you receive a payout of all accrued, unused paid time off, please understand you will have no paid time off available to you immediately after the transfer of your employment. In order to avoid this result, Parent and Gossamer Services have arranged to rollover your accrued, unused paid time off to Gossamer Services. If you do not want to rollover your accrued, unused paid time off to the Company, please check the "No Rollover" box below the signature line below. If you do want to rollover your accrued, unused paid time off, and have it available for use with the Company, please check the "Rollover PTO" box below the signature line below. Gossamer Services' paid time off policy will be the same as the policy currently in effect at Parent.

3. At-Will Employment; Termination.

(a) At-Will Employment; Notice of Resignation. This Agreement shall not be construed as an agreement, either express or implied, to employ you for any stated term, and shall in no way alter the Company's policy of employment at-will, under which both the Company and you remain free to end the employment relationship for any reason, at any time, with or without cause or notice. Although your job duties, title, compensation and benefits, as well as the Company's personnel policies and procedures, may change from time to time, the "at-will" nature of your employment may only be changed by a written agreement signed by you and an executive officer of the Company, which expressly states the intention to modify the at-will nature of your employment. Similarly, nothing in this Agreement shall be construed as an agreement, either express or implied, to pay you any compensation or grant you any benefit beyond the end of your employment with the Company, except as otherwise explicitly set forth herein.

(b) Termination Payment. In the event your employment with the Company ever terminates, on your last day of employment, you will receive your accrued but unpaid base salary and all accrued but unused paid time off through the last day of your employment, in accordance with the Company's then-current payroll policies and practices (the "Termination Payment").

(c) Termination Without Cause or Resignation For Good Reason Prior to a Change in Control or More Than 12 Months Following a Change in Control. Without otherwise limiting the "at-will" nature of your employment, in the event your employment is terminated at any time by the Company (or any of its subsidiaries or affiliates, as applicable, or any of their respective successors or assigns) without Cause (as defined below) (excluding by reason of your death and Disability (as defined below)) or by you for Good Reason in each case prior to a Change in Control (as defined below) or more than twelve (12) months following a Change in Control, then, in addition to the Termination Payment, the Company shall provide the following payments and benefits ("Severance Benefits"): (i) continued payment of your base salary at the then-current rate per pay period for a period of nine (9) months following your termination date, in accordance with the Company's then-current payroll policies and practices; and (ii) provided you timely elect and remain eligible for coverage pursuant to Part 6 of Title I of ERISA, or similar state law (collectively, "COBRA"), payment or reimbursement to you of an amount equal to the full monthly premium for COBRA continuation coverage under the Company's medical plans as in effect on the date of your termination with respect to the level of coverage in effect for you and your eligible dependents as of the date of your termination, on a monthly basis on the first business day of the calendar month next following the calendar month in which the applicable COBRA premiums were paid, with respect to the period from the date of your termination until the earlier of (x) nine (9) months following such date and (y) the date you become eligible for coverage under a subsequent employer's medical plan.

(d) Termination Without Cause or Resignation For Good Reason Within 12 Months Following a Change in Control. In the event your employment is terminated at any time by the Company (or any of its subsidiaries or affiliates, as applicable, or any of their respective successors or assigns) without Cause (excluding by reason of your death and Disability) or by you for Good Reason, in each case on or within twelve (12) months after a Change in Control, then, in



addition to the Termination Payment, the Company shall provide the following payments and benefits (“Change in Control Severance Benefits”): (i) continued payment of your base salary at the then-current rate per pay period for a period of twelve (12) months following your termination date, in accordance with the Company’s then-current payroll policies and practices; (ii) payment of your Target Bonus for the calendar year during which your date of termination occurs, on the Payment Date; (iii) full vesting of any unvested portion of any equity awards then held by you, which shall no longer be subject to any restrictions or forfeiture, and full exercisability with respect to stock options and similar awards; and (iv) provided you timely elect and remain eligible for coverage pursuant to COBRA, payment or reimbursement to you of an amount equal to the full monthly premium for COBRA continuation coverage under the Company’s medical plans as in effect on the date of your termination with respect to the level of coverage in effect for you and your eligible dependents as of the date of your termination, on a monthly basis on the first business day of the calendar month next following the calendar month in which the applicable COBRA premiums were paid, with respect to the period from the date of your termination until the earlier of (x) twelve (12) months following such date and (y) the date you become eligible for coverage under a subsequent employer’s medical plan. Notwithstanding anything to the contrary and for the avoidance of doubt, any Change in Control Severance Benefits paid to you shall be instead of, and not in addition to, any Severance Benefits that may be paid to you.

(e) Death or Disability. In the event your employment is terminated at any time by the Company (or any of its subsidiaries or affiliates, as applicable, or any of their respective successors or assigns) by reason of your death or Disability, then, in addition to the Termination Payment, the Company shall provide that the greater of (i) fifty percent (50%) of the unvested portion of any equity awards then held by you immediately prior to such termination or (ii) the portion of such equity awards that would have otherwise vested in the nine (9) month period following the date of such termination of employment, shall vest and shall no longer be subject to restrictions or forfeiture on the date of such termination (“Qualified Accelerated Vesting”).

(f) Release. Notwithstanding anything to the contrary in the foregoing, you will not be entitled to receive any Severance Benefits, Change in Control Severance Benefits or Qualified Accelerated Vesting, as applicable (to the extent applicable, the “Termination Benefits”) unless, within sixty (60) days following the date of termination, you, or in the event of your death or Disability, your legal representatives, have executed a general release of all known and unknown claims and covenant not to sue in the form attached hereto as Exhibit A (with such changes to such form to help ensure enforceability under applicable law) (the “Release”), and any revocation period thereunder has lapsed without exercise by you (or your legal representatives) of such revocation right.

(g) Payment Timing. The Termination Benefits shall be paid or provided or shall commence on the first payroll period following the date the Release becomes effective (the “Payment Date”) and the first payment shall include all accrued amounts from the date of termination, provided that if the period during which you may deliver the Release required hereunder spans two (2) calendar years, the Payment Date shall be no earlier than January 1 of the second calendar year.

(h) Definitions.

(i) For purposes of this Agreement, “Change in Control” shall have the meaning set forth in the Gossamer Bio, Inc. 2017 Equity Incentive Plan, as in effect on the Effective Date (the “Equity Plan”); *provided, however*, that effective on the date on which the

Company's Registration Statement on Form S-1 filed with respect to the Company's initial public offering ("IPO") becomes effective, "Change in Control" shall have the meaning set forth in the equity plan adopted by Parent in connection with the IPO.

(ii) As used herein, "Cause" means: (A) a willful and material act of dishonesty by you in connection with the performance of your duties as an employee of the Company; (B) your conviction of, or plea of guilty or nolo contendere to, a felony, or any crime involving fraud or embezzlement that the Board reasonably determines has had or is reasonably likely to have a materially detrimental effect on the Company's reputation or business; (C) your gross misconduct in the performance of your duties as an employee of the Company; (D) your willful and material unauthorized use or disclosure of any proprietary information or trade secrets of the Company or any other party to whom you owe an obligation of nondisclosure as a result of your relationship with the Company; (E) your willful and material breach of any obligations under any written agreement or written covenant with the Company; or (F) your continued willful and substantial failure to perform your material employment duties that are lawfully assigned to you in good faith by your reporting superior (other than as a result of your death or Disability) after written notice. Cause shall not exist unless, in any case, you have first received a written notice from the Board that sets forth the factual basis for the Board's determination as to any behavior or occurrence claimed as Cause and you fail to cure such claimed behavior or occurrence, if curable, to the reasonable satisfaction of a majority of the Board within ten (10) business days after receiving such written notice, in which case your termination date will be the expiration date of the cure period, if any. For purposes of this paragraph, no act or failure to act on your part shall be considered "willful" unless it is done or omitted to be done by you in bad faith and without reasonable belief that the act or failure to act was in the best interest of the Company.

(iii) As used herein, "Good Reason" means the occurrence of one or more of the following, without your written consent: (A) a material reduction in your base salary or target annual bonus; (B) a material diminution of your title, duties, responsibilities or reporting lines; (C) a material change in the principal geographic location at which you must perform services, more than fifty (50) miles from the Company's head office; (D) a material breach by the Company of this Agreement. Any such event shall not constitute Good Reason unless and until you have provided the Company with written notice thereof no later than sixty (60) days following the initial occurrence of such event and the Company shall have failed to remedy such event (if capable of being remedied) within thirty (30) days of receipt of such notice, and you must terminate your employment with the Company within sixty (60) days after the expiration of such thirty (30)-day remedial period.

(iv) As used herein, "Disability," means a permanent and total disability within the meaning of Section 22(e)(3) of the Code, as it may be amended from time to time.

(i) Section 409A of the Code. Any severance payments to you under this Agreement shall begin only after the date of your "separation from service" within the meaning of Internal Revenue Code Section 409A and the regulations and guidance promulgated thereunder (collectively "Section 409A") and determined as set forth below, which occurs on or after date of the termination of your employment, and shall be subject to the following provisions:

(i) The intent of the parties is that payments and benefits under this Agreement comply with, or be exempt from Section 409A and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. For purposes

of Section 409A, your right to receive any installment payments pursuant to this Agreement will be treated as a right to receive a series of separate and distinct payments. Neither the Company nor you shall have the right to accelerate or defer the delivery of any such payments except to the extent specifically permitted or required by Section 409A.

(ii) If, as of the date of your “separation from service” from the Company, you are not a “specified employee” (within the meaning of Section 409A), then each installment of the severance payments shall be made on the dates and terms set forth in this Agreement.

(iii) If, as of the date of your “separation from service” from the Company, you are a “specified employee” (within the meaning of Section 409A), then:

(A) Each installment of the severance payments that, in accordance with the dates and terms set forth in this Agreement, will in all circumstances, regardless of when the “separation from service” occurs, be paid within the short-term deferral period (as defined in Section 409A) shall be treated as a “short-term deferral” within the meaning of Treasury Regulation Section 1.409A-1(b)(4) to the maximum extent permissible under Section 409A and shall be paid on the dates and terms set forth in this Agreement; and

(B) Each installment of the severance payments that is not described in clause (iii)(A) above and that would, absent this clause (B), be paid within the six-month period following your “separation from service” from the Company shall not be paid until the date that is six (6) months and one (1) day after such “separation from service” (or, if earlier, your death), with any such installments that are required to be delayed being accumulated during the six-month period and paid in a lump sum on the date that is six (6) months and one (1) day following your “separation from service” and any subsequent installments, if any, being paid in accordance with the dates and terms set forth in this Agreement; *provided, however*, that the preceding provisions of this clause (B) shall not apply to any installment of severance payments if and to the maximum extent that that such installment is deemed to be paid under a separation pay plan that does not provide for a deferral of compensation by reason of the application of Treasury Regulation 1.409A-1(b)(9)(iii) (relating to separation pay upon an involuntary separation from service). Any installments that qualify for the exception under Treasury Regulation Section 1.409A-1(b)(9)(iii) must be paid no later than the last day of your second taxable year following the taxable year in which the “separation from service” occurs.

(iv) The determination of whether and when your “separation from service” from the Company has occurred shall be made in a manner consistent with, and based on the presumptions set forth in, Treasury Regulation Section 1.409A-1(h). Solely for purposes of this paragraph (iv), “Company” shall include all persons with whom the Company would be considered a single employer under Section 414(b) and 414(c) of the Code.

(v) All reimbursements and in-kind benefits provided under the Agreement shall be made or provided in accordance with the requirements of Section 409A to the extent that such reimbursements or in-kind benefits are subject to Section 409A, including, where applicable, the requirements that (A) any reimbursement is for expenses incurred during your lifetime (or during a shorter period of time specified in this Agreement), (B) the amount of expenses eligible for reimbursement during a calendar year may not affect the expenses eligible for reimbursement in any other calendar year, (C) the reimbursement of any eligible expense will be made on or before the last day of the calendar year following the year in which the expense is incurred, and (D) the right to reimbursement is not subject to set off or liquidation or exchange for any other benefit.

(vi) Notwithstanding any other provision of this Agreement, the Company makes no representation or warranty and shall have no liability to you or to any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A but do not satisfy an exemption from, or the conditions of, that section. If either you or the Company reasonably determines that any payment to you will violate Section 409A, you and the Company agree to use reasonable best efforts to restructure the payment in a manner that is either exempt from or compliant with Section 409A to the extent that the restructuring is consistent with the original economic intent of the parties. You and the Company agree to execute any and all amendments to this Agreement (or any other applicable agreement) that are consistent with the original economic intent of the parties and promote compliance with the distribution provisions of Section 409A in an effort to avoid or minimize, to the extent allowable by law, the tax (and any interest or penalties thereon) associated with Section 409A. If it is determined that a payment to you was (or may be) made in violation of Section 409A, the Company will cooperate, to the extent commercially reasonable, with any effort by you to mitigate the tax consequences of such violation, including cooperation with your participation in any IRS voluntary compliance program or other correction procedure under Section 409A that may be available to you; *provided*, that such correction is consistent with the commercial intent of the parties hereunder; *provided, further*, that in no event shall the Company be obligated to incur any material cost in connection with its obligations under this sentence.

(vii) Notwithstanding the foregoing, if a Change in Control would give rise to a payment or settlement event with respect to any payment or benefit that constitutes “nonqualified deferred compensation,” the transaction or event constituting the Change in Control must also constitute a “change in control event” (as defined in Treasury Regulation §1.409A-3(i)(5)) in order to give rise to the payment or settlement event for such payment or benefit, to the extent required by Section 409A.

#### 4. Section 280G of the Code.

(a) Best Pay Provision. Notwithstanding anything to the contrary contained in this Agreement, to the extent that any of the payments and benefits provided for under this Agreement or any other agreement or arrangement between the Company and you (collectively, the “Payments”) (i) constitute a “parachute payment” within the meaning of Section 280G of the Code and (ii) but for this paragraph, would be subject to the excise tax imposed by Section 4999 of the Code, then the Payments shall be reduced to the extent necessary so that no portion of such Payments retained by you shall be subject to excise tax under Section 4999 of the Code; *provided, however*, such reduction shall only occur if after taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999 of the Code, such reduction results in your receipt on an after-tax basis, of the greatest amount of benefits under this Agreement, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code; *provided, further*, that this sentence shall not apply if, immediately before the change in ownership or control on which such Payment is contingent or otherwise relates, no stock in the Company is readily tradeable on an established securities market or otherwise (as determined in accordance with Treasury Reg. Section 1.280G-1 Q&A 6). In the event of a determination that such reduction is to take place, reduction shall occur in the following order: first, reduction of cash payments, which shall occur in reverse chronological order such that the cash payment owed on the latest date following the occurrence of the event triggering such excise tax will be the first cash

payment to be reduced; second, cancellation of accelerated vesting of equity awards, which shall occur in the reverse order of the date of grant for such stock awards (i.e., the vesting of the most recently granted stock awards will be reduced first); and third, reduction of employee benefits, which shall occur in reverse chronological order such that the benefit owed on the latest date following the occurrence of the event triggering such excise tax will be the first benefit to be reduced. If two or more equity awards are granted on the same date, each award will be reduced on a pro-rata basis.

(b) Stockholder Approval. Notwithstanding the foregoing, if any Payments would not be subject to such excise tax if the stockholder approval requirements of Section 280G(b)(5) of the Code are satisfied, subject to your waiver of the rights to such Payments in accordance with Section 280G of the Code with respect to any portion of the Payments that would otherwise be subject to excise tax imposed by Section 4999 of the Code (before giving effect to any reduction in Payments contemplated in the two preceding sentences), the Company shall use its reasonable best efforts to cause such payments to be submitted for such approval prior to the event giving rise to such payments. To the extent the Company submits any payment or benefit payable to you under this Agreement or otherwise to the Company's stockholders for approval in accordance with Treasury Reg. Section 1.280G-1 Q&A 7, the foregoing provisions shall not apply following such submission and such payments and benefits will be treated in accordance with the results of such vote, except that any reduction in, or waiver of, such payments or benefits required by such vote will be applied without any application of discretion by you and in the order prescribed in the preceding paragraph. In no event shall you have any discretion with respect to the ordering of payment reductions.

(c) Calculations. Unless you and the Company otherwise agree in writing, any determination required under this paragraph shall be made in writing by the Company's independent public accountants immediately preceding the change in ownership or control on which such Payments are contingent or otherwise relate (the "Accountants"), whose determination shall be conclusive and binding upon you and the Company for all purposes. For purposes of making the calculations required by this Section 4, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely in reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and you shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this paragraph. The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this paragraph. If the limitation set forth in Section 4(a) is applied to reduce an amount payable to you, and the Internal Revenue Service successfully asserts that, despite the reduction, you have nonetheless received payments which are in excess of the maximum amount that could have been paid to you without being subjected to any excise tax, then, unless it would be unlawful for the Company to make such a loan or similar extension of credit to you, you may repay such excess amount to the Company as though such amount constitutes a loan to you made at the date of payment of such excess amount, bearing interest at 120% of the applicable federal rate (as determined under Section 1274(d) of the Code in respect of such loan).

#### 5. Restrictive Covenants.

(a) No Other Agreements. You represent that you are not bound by any employment contract, restrictive covenant or other restriction preventing you from entering into employment with or carrying out your responsibilities for the Company, or which is in any way inconsistent with the terms of this Agreement.

(b) PIIA. You have previously executed the Company's Proprietary Information and Inventions Assignment Agreement, which is attached hereto as Exhibit B ("PIIA"), and you hereby reaffirm your agreements and obligations thereunder.

(c) Defend Trade Secrets Act Notice of Immunity Rights. You acknowledge that the Company has provided you with the following notice of immunity rights in compliance with the requirements of the Defend Trade Secrets Act: (i) you shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of Proprietary Information (as defined in the PIIA) that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law; (ii) you shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of Proprietary Information that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; and (iii) if you file a lawsuit for retaliation by the Company for reporting a suspected violation of law, you may disclose the Proprietary Information to your attorney and use the Proprietary Information in the court proceeding, if you file any document containing the Proprietary Information under seal, and do not disclose the Proprietary Information, except pursuant to court order.

6. Notices. All notices or other communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given when delivered personally or one (1) business day after being sent by a nationally recognized overnight delivery service, charges prepaid. Notices also may be given electronically via PDF and shall be effective on the date transmitted if confirmed within 48 hours thereafter by a signed original sent in the manner provided in the preceding sentence. Notice to you shall be sent to your most recent residence and personal email address on file with the Company. Notice to the Company shall be sent to its physical address set forth on the first page hereto and addressed to the Chairperson of the Board at the email address provided by the Company for such person.

7. Entire Agreement; Miscellaneous. This Agreement, together with any documents relating to the Company equity held by you, any stock grant notices or stock agreements referenced herein and the PIIA, constitutes the entire agreement and understanding between the parties as to the subject matter herein and supersedes all prior or contemporaneous agreements whether written or oral. The terms of this Agreement may only be modified in a specific writing signed by you and an authorized representative of the Company. The invalidity or unenforceability of any provision or provisions of this Agreement will not affect the validity or enforceability of any other provision hereof, which will remain in full force and effect. The terms in this Agreement may only be modified in writing and signed by you and an executive officer of the Company. In the event of any conflict between any of the terms in this Agreement and the terms of any other agreement between you and the Company, the terms of this Agreement will control. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one instrument. Execution and delivery of this Agreement by facsimile or other electronic signature is legal, valid and binding for all purposes. This Agreement is intended to bind and inure to the benefit of and be enforceable by you and the Company, and their respective successors, assigns, heirs, executors and administrators, except that you may not assign any of your duties hereunder and you may not assign any of your rights hereunder, without the written consent of the Company, which shall not be withheld unreasonably.

8. Governing Law. Your employment and this Agreement will be governed by the laws of the State of California, without reference to conflicts of laws principles which would result in the application of the law of any other jurisdiction.

9. Arbitration. To aid in the rapid and economical resolution of any disputes that may arise in the course of the employment relationship, you and the Company agree that any and all disputes, claims, or demands in any way arising out of or relating to the terms of this Agreement, Company equity held by you, your employment relationship with the Company, or the termination of your employment relationship with the Company, shall be resolved, to the fullest extent permitted by law, by final, binding and confidential arbitration in San Diego, California, conducted before a single neutral arbitrator selected and administered in accordance with the employment arbitration rules & procedures or then applicable equivalent rules of JAMS (the "JAMS Rules") and the Federal Arbitration Act, 9 U.S.C. Sec. 1, et seq. A copy of the JAMS rules may be found on the JAMS website at [www.jamsadr.com](http://www.jamsadr.com) and will be provided to you by the Company upon request. BY AGREEING TO THIS ARBITRATION PROCEDURE, YOU AND THE COMPANY WAIVE THE RIGHT TO RESOLVE ANY SUCH DISPUTE, CLAIM OR DEMAND THROUGH A TRIAL BY JURY OR JUDGE OR BY ADMINISTRATIVE PROCEEDING IN ANY JURISDICTION. You will have the right to be represented by legal counsel at any arbitration proceeding, at your expense. The arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be available under applicable law in a court proceeding and (b) issue a written statement signed by the arbitrator regarding the disposition of each claim and the relief, if any, awarded as to each claim, the reasons for the award, and the arbitrator's essential findings and conclusions on which the award is based. The arbitrator shall administer and conduct any arbitration in accordance with California law and shall apply substantive and procedural California law to any such dispute, claim or demand, without reference to any conflict-of-law provisions of any jurisdiction. To the extent that the JAMS Rules conflict with California law, California law shall take precedence. The parties agree that the prevailing party in any arbitration shall be entitled to injunctive relief in any court of competent jurisdiction to enforce the arbitration award. Nothing in this Agreement is intended to prevent either you or the Company from obtaining injunctive relief (or any other provisional remedy) in any court of competent jurisdiction pursuant to California Code of Civil Procedure Section 1281.8 to prevent irreparable harm (including, without limitation, pending the conclusion of any arbitration). The Company shall pay the arbitrator's fees, arbitration expenses and any other costs unique to the arbitration proceeding (recognizing that each side shall bear its own deposition, witness, expert and attorney's fees and other expenses to the same extent as if the matter were being heard in court).

10. Withholding and other Deductions. All compensation payable to you hereunder shall be subject to such deductions as the Company is from time to time required to make pursuant to law, governmental regulation or order.

Please acknowledge your acceptance of the terms of this Agreement by returning a signed copy of this Agreement.

Very truly yours,

Gossamer Bio, Inc.

By: /s/ Sheila Gujrathi, M.D.

Name: Sheila Gujrathi, M.D.

Title: Chief Executive Officer and President

Gossamer Bio Services, Inc.

By: /s/ Sheila Gujrathi, M.D.

Name: Sheila Gujrathi, M.D.

Title: Chief Executive Officer and President

Agreed and Accepted:

I have read and understood this Agreement and hereby acknowledge, accept and agree to the terms as set forth above.

/s/ Christian Waage

Christian Waage

Date: December 4, 2018

- Rollover PTO.** I want to rollover my accrued, unused paid time off, and to have it available for use with the Company following the transfer of my employment.
- No Rollover.** I do not want to rollover my accrued, unused paid time off, and understand that I will receive a payout of my accrued, unused paid time off and I will not have any paid time off available immediately following the transfer of my employment to the Company.



Exhibit A

**Form of Release**

In consideration of the Termination Benefits (as defined in the Agreement) provided and to be provided to me by Gossamer Bio, Inc., or any affiliate or successor thereof (the "Company") pursuant to my Agreement with Company dated December 4, 2018 (the "Agreement"), and in connection with the termination of my employment, the Company and I agree to the following, including a general release as specified below (the "Release").

1. On behalf of myself, my heirs, executors, administrators, successors and assigns, I hereby fully and forever generally release and discharge Company, its current, former and future parents, subsidiaries, affiliated companies, related entities, employee benefit plans and their fiduciaries, predecessors, successors, officers, directors, shareholders, agents, employees and assigns (collectively, the "Company Releasees") from any and all claims, causes of action, and liabilities up through the date of my execution of the Release (except with respect to Termination Benefits under the Agreement and any other rights that I have accrued under the employee benefit plans and equity award plans of the Company). The claims subject to this release include, but are not limited to, those relating to my employment with Company and/or any predecessor to the Company and the termination of such employment. All such claims (including related attorneys' fees and costs) are barred without regard to whether those claims are based on any alleged breach of a duty arising in statute, contract or tort. This expressly includes waiver and release of any rights and claims arising under any and all laws, rules, regulations and ordinances, including, but not limited to: Title VII of the Civil Rights Act of 1964; the Older Workers Benefit Protection Act; the Americans With Disabilities Act; the Age Discrimination in Employment Act; the Fair Labor Standards Act; the National Labor Relations Act; the Family and Medical Leave Act; the Employee Retirement Income Security Act of 1974, as amended ("ERISA"); the Workers Adjustment and Retraining Notification Act; the California Fair Employment and Housing Act (if applicable); the provisions of the California Labor Code (if applicable); the Equal Pay Act of 1963; and any similar law of any other state or governmental entity.

2. The parties agree to apply California law in interpreting the Release. Accordingly, I further waive any rights under Section 1542 of the Civil Code of the State of California or any similar state statute. Section 1542 states:

**"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which, if known to him or her, must have materially affected his or her settlement with the debtor."**

This Release does not extend to, and has no effect upon, (a) any benefits that have previously accrued, and to which I have become vested or otherwise entitled to, under any agreement, employee benefit plan, program or policy sponsored or maintained by the Company; (b) my right to indemnification and/or contribution, advancement or payment of related expenses by the Company under any written indemnification or other agreement between the parties; (c) my right to continued coverage by the Company's director's and officer's insurance, other insurance policies of the Company, COBRA or any similar state law; (d) any claims for breach of this Release or the Agreement; (e) any claims that may not be released by private agreement; and (f) any claims arising after the date I sign the Release.

3. In understanding the terms of the Release and my rights, I have been advised to consult with an attorney of my choice prior to executing the Release. I understand that nothing in the Release will prohibit me from exercising legal rights that are, as a matter of law, not subject to waiver, such as: (a) my rights under applicable workers' compensation laws; (b) my right, if any, to seek state disability or unemployment benefits; (c) my right to indemnity under California Labor Code section 2802 or other applicable state-law right to indemnity; (d) my right to file a charge or complaint with a government agency such as but not limited to the Equal Employment Opportunity Commission, the National Labor Relations Board, the Department of Labor, the California Department of Fair Employment and Housing, or other applicable state agency; and (e) my right to communicate or cooperate with any governmental agency and to receive awards from or by a government agency for providing information. Moreover, I will continue to be indemnified for my actions taken while employed by the Company to the same extent as other then-current or former directors and officers of the Company under the Company's Certificate of Incorporation and Bylaws and the Indemnification Agreement between me and the Company, if any, and I will continue to be covered by the Company's directors and officers liability insurance policy as in effect from time to time to the same extent as are other then-current or former directors and officers of the Company, each subject to the requirements of the laws of the State of Delaware.

4. I understand and agree that Company will not provide me with the Termination Benefits unless I execute the Release. I also understand that I have received or will receive, regardless of the execution of the Release, all wages owed to me together with any accrued but unused paid time off, less applicable withholdings and deductions, earned through my termination date.

5. In my existing and continuing obligations to Company, I have returned to Company all Company documents (and all copies thereof) and other Company property that I have had in my possession at any time, including but not limited to Company files, notes, drawings, records, business plans and forecasts, financial information, specification, computer-recorded information, tangible property (including, but not limited to, computers, laptops, pagers, etc.), credit cards, entry cards, identification badges and keys and any materials of any kind which contain or embody any proprietary or confidential information of Company (and all reproductions thereof). I understand that, even if I did not sign the Release, I am still bound by any and all confidential/proprietary/trade secret information, non-disclosure and inventions assignment agreement(s) signed by me in connection with my employment with Company, or with a predecessor or successor of Company pursuant to the terms of such agreement(s).

6. I represent and warrant that I am the sole owner of all claims relating to my employment with Company and/or with any predecessor of Company and that I have not assigned or transferred any claims relating to my employment to any other person or entity.

7. I agree to keep the Termination Benefits and the provisions of the Release confidential and not to reveal its contents to anyone except my lawyer, my accountant, my spouse or other immediate family member and/or my financial consultant, or as required by legal process or applicable law or otherwise responding accurately and fully to any question, inquiry or request for information or documents, including, without limitation, in any criminal, civil, or regulatory proceeding or investigation, or as necessary in any action for enforcement or claimed breach of this Release or any other legal dispute with the Company. Nothing in this Agreement shall prohibit me from reporting or disclosing information under the terms of the Company's Reporting Suspected Violations of Law Policy or such similar policy as the Company may have in effect from time to time.

8. I understand and agree that the Release will not be construed at any time as an admission of liability or wrongdoing by either the Company Releasees or me.

9. I agree that I will not make any negative or disparaging statements or comments, either as fact or as opinion, about the Company, its employees, officers, directors, shareholders, vendors, products or services, business, technologies, market position or performance. The Company agrees that it shall not, and shall cause its directors, executive officers, employees and representatives not to, make any negative or disparaging statements or comments, either as fact or as opinion, about you. Nothing in this paragraph will prohibit me or the Company from providing truthful information in response to a subpoena or other legal process.

10. Any controversy or claim arising out of or relating this Release, its enforcement or interpretation, or because of an alleged breach, default or misrepresentation in connection with any of its provisions, will be submitted to arbitration consistent with the terms of the Agreement.

11. As a condition of my receipt of the Termination Benefits, I agree that, upon reasonable notice (after taking into account, to the extent reasonably practicable, my other personal and business commitments) and without the necessity of Company obtaining a subpoena or court order, I will provide reasonable cooperation to Company in connection with any suit, action or proceeding (or any appeal from any suit, action or proceeding), or the decision to commence on behalf of the Company any suit, action or proceeding, any investigation and/or any defense of any claims asserted against the Company or any of the Company's current or former directors, officers, employees, partners, stockholders, agents or representatives of any of the foregoing, and any ongoing or future investigation or dispute or claim of any kind involving the Company that relates to events occurring during my employment as to which I may have relevant information and any other matter for which I was responsible or had knowledge of through date of my termination of employment. Such cooperation may include, but will not be limited to, providing background information within my knowledge; aiding in the drafting of declarations; executing declarations or similar documents; testifying or otherwise appearing at investigation interviews, depositions, arbitrations or court hearings; and preparing for the above-described or similar activities. Upon the reasonable request of Company, I agree to cooperate with the transition of my job responsibilities on any termination of employment and cooperate in providing information on matters on which I was involved while an employee.

12. As provided in the Older Workers Benefit Protection Act, I am hereby advised and agree that:

(a) I have had at least twenty-one (21) calendar days in which to consider whether to execute the Release, no one hurried me into executing the Release during that period and no one coerced me into executing the Release. If I signed this Release prior to the expiration of the twenty-one (21) day period, I did so voluntarily and waive the balance of the twenty-one (21) day period. I understand that the offer of the Termination Benefits and the Release will expire on the twenty-second (22nd) calendar day after my employment termination date if I have not accepted it by that time.

(b) I am hereby advised to consult with a lawyer before signing this Agreement.

(c) This Release provides for consideration in addition to any amount I am otherwise entitled to receive without signing this Release.

(d) This Release does not release any claims arising out of events occurring after I sign this Release

(e) I may revoke this Agreement within the seven (7) day period following the date on which I signed this Release. I understand that if I revoke this release, the Company will not be obligated to provide the Termination Benefits. I further understand that Company's obligations under the Release will not become effective or enforceable until the eighth (8th) calendar day after the date I sign the Release provided that I have timely delivered it to Company (the "Release Effective Date") and have not timely revoked it. I understand that the Termination Benefits will become available to me at such time after the Release Effective Date.

13. In executing the Release, I acknowledge that I have not relied upon any statement made by Company, or any of its representatives or employees, with regard to the Release unless the representation is specifically included herein. Furthermore, the Release contains our entire understanding regarding eligibility for Termination Benefits and supersedes any or all prior representations and agreements regarding the subject matter of the Release. However, the Release does not modify, amend or supersede written Company agreements that are consistent with enforceable provisions of the Release such as my Agreement, confidential information and invention assignment agreement, and any stock, stock option and/or stock purchase agreements between Company and me. Once effective and enforceable, this Release can be changed only by another written agreement signed by me and an authorized representative of Company.

14. Should any provision of the Release be determined by an arbitrator, court of competent jurisdiction or government agency to be wholly or partially invalid or unenforceable, the legality, validity and enforceability of the remaining parts, terms or provisions are intended to remain in full force and effect. Specifically, should a court, arbitrator or agency conclude that a particular claim may not be released as a matter of law, it is the intention of the parties that the general release and the waiver of unknown claims above will otherwise remain effective to release any and all other claims. I acknowledge that I have obtained sufficient information to intelligently exercise my own judgment regarding the terms of the Release before executing the Release.

15. The Termination Benefits provided and to be provided to me by the Company consist of the applicable benefits and payments in accordance with the Agreement.

16. The Release may be executed in any number of counterparts, all of which taken together shall constitute one instrument. Execution and delivery of the Release by facsimile or other electronic signature is legal, valid and binding for all purposes.

17. The Release will be governed by and enforced under California law, without regard to its conflict of law rules that would result in the application of the laws of any other jurisdiction.

[Signature page follows]

EMPLOYEE'S ACCEPTANCE OF RELEASE

BEFORE SIGNING MY NAME TO THE RELEASE, I STATE THE FOLLOWING: I HAVE READ THE RELEASE, I UNDERSTAND IT AND I KNOW THAT I AM GIVING UP IMPORTANT RIGHTS. I HAVE OBTAINED SUFFICIENT INFORMATION TO INTELLIGENTLY EXERCISE MY OWN JUDGMENT. I HAVE BEEN ADVISED THAT I SHOULD CONSULT WITH AN ATTORNEY BEFORE SIGNING IT, AND I HAVE SIGNED THE RELEASE KNOWINGLY AND VOLUNTARILY.

EFFECTIVE UPON EXECUTION BY EMPLOYEE AND THE COMPANY.

Executed this      day of      , 20

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Agreed and Accepted:

Gossamer Bio, Inc.

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By:  
Title:  
Date:

Gossamer Bio Services, Inc.

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By:  
Title:  
Date:

**Proprietary Information and Inventions Assignment Agreement**

**PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT**

The following confirms an agreement (“**Agreement**”) between you and **GOSSAMER BIO SERVICES, INC.**, a Delaware corporation (the “**Company**,” which term includes the Company’s parent, Gossamer Bio, Inc. (“**Parent**”), Parent’s subsidiaries, and any other entity in which I am asked to provide services for, and each of their respective successors and assigns), which is a material part of the consideration for my employment and continued employment by the Company:

1. **PROPRIETARY INFORMATION.** I understand that my employment creates a relationship of confidence and trust between me and the Company with respect to Proprietary Information of the Company, its business partners or its customers or suppliers which may be learned by me during the period of my employment or any period prior thereto wherein I was performing services for the Company or any predecessor thereof. For purposes of this Agreement, “**Proprietary Information**” is any information, data, trade secret or know-how (whether in tangible or electronic form or maintained in mind or memory or in another intangible form of expression) that was or is developed by, or became or becomes known by the Company or me in relation to my employment with the Company or otherwise concerns the business, operations, products, or technology of the Company, or was or is assigned or otherwise conveyed to the Company. “Proprietary Information” also includes, without limitation, all financial, business, scientific, technical, economic and/or engineering information, including without limitation, business strategies, business plans, forecasts, strategies, development plans, promotional and marketing objectives, results of research, trials or operations, pricing, customer lists, supplier lists, patent disclosures, patent applications, know-how, trade secrets, compilations, ideas, inventions, improvements, research, discoveries, techniques, methods, processes, manufacturing techniques, procedures, formulations, designs, patterns, drawings, flow charts, schematics, tooling, plans, configurations, specifications, documents, data sheets, mock-ups, models, compounds, compositions, structures, prototypes, programs, computer code, algorithms, mechanisms, materials, equipment, samples, test results, opinions, data, analysis, the salaries, duties, qualifications, performance levels, and terms of compensation of other employees and other proprietary information. Proprietary Information does not include any of the foregoing items that is or has become publicly and widely known and made generally available through no wrongful act of mine or of others who were under confidentiality obligations as to the item or items involved.

2. **COVENANTS AND AGREEMENTS.** In consideration of my employment by the Company and the compensation received by me from the Company from time to time, I hereby agree as follows:

(a) **Confidentiality.** At all times, both during my employment by the Company and after its termination, I will keep in confidence and trust and will not use or disclose any Proprietary Information or anything relating to it without the written consent of the Company, except as may be necessary in the ordinary course of performing my duties to the Company.

(b) **Defend Trade Secrets Act Notice of Immunity Rights.** I acknowledge that the Company has provided me with the following notice of immunity rights in compliance with the requirements of the Defend Trade Secrets Act: (i) I shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of Proprietary Information that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law; (ii) I shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of Proprietary Information that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; and (iii) if I file a lawsuit for retaliation by the Company for reporting a suspected violation of law, I may disclose the

Proprietary Information to my attorney and use the Proprietary Information in the court proceeding, if I file any document containing the Proprietary Information under seal, and do not disclose the Proprietary Information, except pursuant to court order.

(c) **Return of Company Documents.** In the event of the termination of my employment by me or by the Company for any reason, I shall return all physical and electronic documents and records and all apparatus, equipment and other property, or any reproduction of such property, whether or not pertaining to Proprietary Information, furnished to me by the Company or produced by myself or others in connection with my employment, to the Company immediately as and when requested by the Company.

(d) **Disclosure of Inventions.** I will promptly disclose to the Company, or any persons designated by it, all Inventions made or conceived or reduced to practice or developed by me, either alone or jointly with others, during the term of my employment or any period prior thereto wherein I was performing services for the Company or any predecessor thereof, in sufficient detail to enable the Company to practice such inventions. “**Inventions**” includes all improvements, inventions, discoveries, formulas, ideas, circuits, mask works, works of authorship, processes, computer programs, algorithms, techniques, schematics, industrial designs, know-how and data, whether or not patentable. I will also disclose to the Company all Inventions conceived, reduced to practice, or developed by me within six (6) months of the termination of my employment with the Company. Such disclosure shall be received by the Company in confidence and does not extend the assignment made in Section 2(e) below.

(e) **Ownership; Assignment of Inventions.** I agree that all Proprietary Information, and all Inventions which I make, conceive, reduce to practice or develop (in whole or in part, either alone or jointly with others) during my employment or any period prior thereto wherein I was performing services for the Company or any predecessor thereof, are and shall be the sole property of the Company to the maximum extent permitted by law. I hereby assign to the Company any and all rights I may have or acquire in such Inventions and/or in any other Proprietary Information of the Company and any and all worldwide patents, patent applications, copyrights, mask work rights, industrial design rights, trade secret rights and other intellectual property rights related thereto or resulting therefrom. The Company’s ownership and my assignment hereunder shall not extend to Inventions that (a) qualify fully under the provisions of Section 2870 of the California Labor Code, a copy of which is attached hereto as Exhibit A, if I am employed in California or (b) I developed entirely on my own time without using the Company’s equipment, supplies, facilities, or trade secret information except for those inventions that either: (1) relate at the time of conception or reduction to practice of the invention to the Company’s business, or actual or demonstrably anticipated research or development of the Company; or (2) result from any work performed by me for the Company.

(f) **Assignment of Moral Rights.** In addition to the foregoing assignment of Inventions to the Company, I hereby irrevocably transfer and assign to the Company any and all “Moral Rights” (as defined below) that I may have in or with respect to any Invention. I also hereby forever waive and agree never to assert any and all Moral Rights I may have in or with respect to any Invention, even after termination of my work on behalf of the Company. “Moral Rights” mean any rights to claim authorship of an invention to object to or prevent the modification of any Invention, or to withdraw from circulation or control the publication or distribution of any Invention, and any similar right, existing under judicial or statutory law of any country in the world, or under any treaty, regardless of whether or not such right is denominated or generally referred to as a “moral right.”

(g) **Work for Hire.** I acknowledge and agree that any copyrightable works prepared by me within the scope of my employment are “works for hire” under the Copyright Act and that the Company will be considered the author and owner of such copyrightable works.



(h) **Prior Inventions.** I have attached as Exhibit B a complete list of all Inventions or improvements that relate to the business of the Company or actual or demonstrably anticipated research or development of the Company, that have been made or conceived or first reduced to practice by me alone or jointly with others prior to my employment by the Company or any period prior thereto wherein I was performing services for the Company or any predecessor thereof that I desire to clarify for the record are not Inventions which are to be assigned to Company under this Agreement, and I covenant that such list is complete. If no such list is attached to this Agreement, I represent that I have no such Inventions and improvements at the time of signing this Agreement. I will not use any prior Inventions in the performance of my duties without the prior express written consent of my supervisor, and if I do (but only if I do), I hereby grant to Company a perpetual, irrevocable, royalty-free, worldwide, full paid-up, transferable, sub-licensable, right and license to use and exploit the same.

(i) **Enforcement of Inventions; Further Actions.** I agree to perform, during and after my employment, all acts deemed necessary or desirable by the Company to permit and assist it, at the Company's expense, in obtaining, maintaining and enforcing patents, copyrights, trade secret rights, rights with respect to mask works or other rights on such Inventions and/or any other Inventions I have or may at any time assign to the Company and any designee of the Company in any and all countries. Such acts may include, but are not limited to, execution of documents and assistance or cooperation in legal proceedings. I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents, as my agents and attorneys-in-fact to act for and in my behalf and instead of me, to execute and file any applications or related filings and to do all other lawfully permitted acts to further the prosecution and issuance of patents, copyrights, trade secret rights, rights with respect to mask works or other rights thereon with the same legal force and effect as if executed by me.

(j) **Records.** I agree to keep and maintain adequate and current records (in the form of notes, sketches, drawings and in any other form that may be required by the Company) of all Proprietary Information developed by me and all Inventions made by me during the period of my employment at the Company, which records shall be available to and remain the sole property of the Company at all times.

(k) **Non-Competition.** During the period of my employment with the Company, without the prior written approval of an executive officer of the Company (or if I am an executive officer of the Company, without the prior approval of the Company's Board of Directors), I will not, either as an employee, employer, consultant, agent, principal, partner or officer, engage or participate in any employment, business or activity that is directly competitive with the business or proposed business of the Company, and will not assist any other person or organization in directly competing with the Company, or in preparing to engage in direct competition with the business or proposed business of the Company. The provisions of this section shall apply both during normal working hours and at all other times, including, without limitation, nights, weekends and vacation time, while I am employed by the Company.

(l) **No Solicitation.** During the term of my employment and for one (1) year thereafter, I will not, either directly or through others, solicit or attempt to solicit any employee, independent contractor or consultant of the Company to terminate his or her relationship with the Company in order to become an employee, consultant or independent contractor to or for any other person or entity, or otherwise encourage or solicit any employee of the Company to leave the Company for any reason or to devote less than all of any such employee's efforts to the affairs of the Company; provided that the foregoing shall not affect any responsibility I may have as an employee of the Company with respect to the bona fide hiring and firing of Company personnel.

(m) **No Conflicting Obligations.** I represent that my performance of all the terms of this Agreement will not breach any agreement or obligation to keep in confidence proprietary information acquired by me in confidence or in trust prior to my employment with the Company. I have not entered into, and I agree I will not enter into, any agreement either written or oral in conflict with this Agreement or in conflict with my employment with the Company.

(n) **No Improper Use of Information of Prior Employers and Others.** During my employment by the Company, I will not improperly use or disclose any confidential information or trade secrets, if any, of any former employer or any other person to whom I have an obligation of confidentiality, and I will not bring onto the premises of the Company any unpublished documents or any property belonging to any former employer or any other person to whom I have an obligation of confidentiality unless expressly authorized in writing by that former employer or person. Unless disclosed on Exhibit B hereto, I will use in the performance of my duties only information which is generally known and used by persons with training and experience comparable to my own, which is common knowledge in the industry or otherwise legally in the public domain, or which is otherwise provided or developed by the Company.

(o) **Notification of New Employer.** In the event that I leave the employ of the Company, I hereby consent to the notification of my new employer of my rights and obligations under this Agreement.

### 3. GENERAL PROVISIONS.

(a) **Employment.** I agree and understand that my employment with the Company constitutes "AT-WILL" employment and that nothing in this Agreement shall confer any right with respect to continuation of employment by the Company, nor shall it interfere in any way with my right or the Company's right to terminate my employment at any time, with or without cause.

(b) **Successors and Assigns.** This Agreement shall be effective as of the first day of my employment by the Company, and shall be binding upon me, my heirs, executors, assigns, and administrators and shall inure to the benefit of the Company, its subsidiaries, successors and assigns. I will not assign this Agreement or my obligations hereunder without the prior written consent of the Company, which consent may be withheld in the Company's sole discretion, and any such purported assignment without consent shall be null and void.

(c) **Survival.** The provisions of this Agreement shall survive the termination of my employment and the assignment of this Agreement by the Company to any successor in interest or other assignee.

(d) **Legal and Equitable Remedies.** Because my services are personal and unique and because I may have access to and become acquainted with the Proprietary Information of the Company, the Company shall have the right to enforce this Agreement and any of its provisions by injunction, specific performance or other equitable relief, without bond and without prejudice to any other rights and remedies that the Company may have for a breach of this Agreement.

(e) **Severability.** If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provisions shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provisions were so excluded and shall be enforceable in accordance with its terms.

(f) **Titles.** The titles and headings appearing at the beginning of the numbered sections and at the beginning of paragraphs have been inserted for convenience only and do not constitute any part of this Agreement.

(g) **Governing Law; Consent to Personal Jurisdiction.** I understand and agree that this Agreement shall be interpreted and enforced in accordance with the laws of the State of California without regard to the conflict of laws provisions thereof. I hereby expressly consent to the personal jurisdiction of the state and federal courts located in San Diego County, California for any lawsuit filed there against me by Company arising from or related to this Agreement.

(h) **Entire Agreement; Amendment.** This Agreement and the Exhibits hereto contain the entire understanding between the parties relating to the subject matter hereof and supersede any and all prior agreements, understandings and arrangements, whether written or oral, between the parties relating to such subject matter hereof. This Agreement may only be amended in writing by the Company and me and our respective permitted successors and assigns.

(i) **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall be deemed one instrument.

*[Signature Page Follows]*

Dated: 1/19/18

/s/ Christian Waage

Name: Christian Waage

Accepted and Agreed to:

**GOSSAMER BIO SERVICES, INC.**

By: /s/ Jill Howe

Name: Jill Howe

Title: VP, Finance

SIGNATURE PAGE TO PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT

**EXHIBIT A**

§2870. Application of provision providing that employee shall assign or offer to assign rights in invention to employer.

(a) Any provisions in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either: (1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or (2) Result from any work performed by the employee for the employer.

(b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

**EXHIBIT B**

**GOSSAMER BIO SERVICES, INC.**

Ladies and Gentlemen:

1. The following is a complete list of all inventions or improvements that relate to the business of **GOSSAMER BIO SERVICES, INC.** (the “**Company**”) or actual or demonstrably anticipated research or development of the Company, that have been made or conceived or first reduced to practice by me alone or jointly with others prior to my employment by the Company or any period prior thereto wherein I was performing services for the Company or any predecessor thereof that I desire to clarify for the record are not Inventions which are to be assigned to Company under the Company’s Proprietary Information and Inventions Agreement.

No inventions or improvements.

See below:

<u>Invention Description</u>	<u>Patent No.</u>	<u>Date of Issue</u>
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Additional sheets attached.

2. I propose to bring to my employment the following materials and documents of a former employer (provide copies of express written authorizations by former employer, if applicable):

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No materials or documents.

/s/ Christian Waage  
Print Name: Christian Waage

**Gossamer Bio, Inc.**  
3013 Science Park Road, Suite 200  
San Diego, CA 92112

December 4, 2018

Jakob Dupont  
c/o Gossamer Bio, Inc.  
3013 Science Park Road, Suite 200  
San Diego, CA 92112

Dear Jakob:

This letter agreement (this "Agreement") confirms the terms of your continuing employment with Gossamer Bio, Inc. ("Parent") and, effective January 1, 2019, with Gossamer Bio Services, Inc., a wholly-owned subsidiary of Parent ("Gossamer Services," and together with Parent, the "Company"). This Agreement is effective as of December 14, 2018 (the "Effective Date").

1. Title and Duties.

(a) Title and Duties. You will be employed by the Company, on a full-time basis, as its Chief Medical Officer and to serve as an officer with that same position of Parent, working out of the Company's headquarters located in San Diego, California. You shall have all the duties, responsibilities and authority commensurate with these positions, subject to the supervision of, and reporting directly to, the Chief Executive Officer of the Company (the "Supervising Officer"). For the avoidance of doubt, all references in this Agreement to your "employment with the Company" shall include your employment with the Company and any of its affiliates and subsidiaries, as applicable.

(b) Time Commitment; Outside Activities. You agree to perform the duties and responsibilities of your positions, and such other duties and responsibilities as shall from time to time be mutually agreed upon between you and the Supervising Officer. You agree that, while employed by the Company, you will devote substantially all of your business time and your best efforts, business judgment, skill and knowledge exclusively to the advancement of the business and interests of the Company and to the discharge of your duties and responsibilities for it; *provided, however*, it is agreed that you may participate in outside charitable, civic, educational, professional, community or industry activities to the extent such activities do not individually or in the aggregate interfere with your duties and responsibilities to the Company or create an actual or potential conflict of interest with the Company's business; *provided, further*, that your service on any outside boards (whether for profit or non-profit) shall require the prior consent of the Supervising Officer. You agree to abide by the rules, regulations, instructions, personnel practices and policies of the Company, as adopted and amended from time to time by the Company.

(c) Transfer of Employment to Gossamer Services. Effective January 1, 2019, the Company will undertake an internal reorganization pursuant to which the employment of all employees will be transferred from Parent to Gossamer Services. As a result, effective January 1, 2019, Gossamer Services will be your employer of record. There will be no break in service as a

result of this transfer of employment. You will continue to work in your same position, with the same terms and conditions of employment, and with the same Supervising Officer, as is currently in effect. In addition, you will continue to participate in substantially the same employee benefit plans that you participated in prior to the transfer, with no immediate changes in benefits or coverage (unless you elect any such changes during open enrollment for 2019). Subject to your elections, all applicable benefits withholdings and elections will continue following the transfer of your employment. Except as described in Section 2(e) below, all other terms and conditions related to your employment will be assigned to Gossamer Services and will remain in full force and effect after the transfer of your employment.

2. Compensation.

(a) Base Salary. You will receive an annual base salary of \$440,000, payable in accordance with the normal payroll practices of the Company in effect from time to time. Your performance will be reviewed by the Compensation Committee of the Board of Directors of Parent (the "Board") or the Supervising Officer on an annual basis in conjunction with an annual salary review.

(b) Annual Bonus. Commencing with calendar year 2019, you will be eligible to receive an annual cash incentive bonus with a target amount equal to 40% of your then-current annual base salary (the "Target Bonus"). Your bonus in respect of 2019, and any future bonuses, will be subject to the terms of the applicable bonus plan developed and approved by the Board or the Compensation Committee of the Board. Any bonus awarded will be paid on or before March 15 of the calendar year immediately following the year for which the bonus was awarded, subject to your employment at the end of the calendar year for which the bonus is due, except as otherwise expressly provided for herein.

(c) Benefits. You will be eligible to participate in any and all benefit programs that the Company establishes and makes available to its employees from time to time, provided that you are eligible under (and subject to all provisions of) the plan documents that govern those programs. Benefits are subject to change at any time in the Company's sole discretion.

(d) Expense Reimbursements. The Company will reimburse you for all reasonable business expenses incurred by you in the performance of your duties, subject to the Company's expense reimbursement policies applicable to senior executives in effect from time to time.

(e) Paid Time Off. You will be entitled to paid time off in accordance with the policies of the Company. In connection with your transfer of employment to Gossamer Services effective January 1, 2019, you may be entitled to receive payment of any accrued, unused paid time off that you have accrued with Parent. However, if you receive a payout of all accrued, unused paid time off, please understand you will have no paid time off available to you immediately after the transfer of your employment. In order to avoid this result, Parent and Gossamer Services have arranged to rollover your accrued, unused paid time off to Gossamer Services. If you do not want to rollover your accrued, unused paid time off to the Company, please check the "No Rollover" box below the signature line below. If you do want to rollover your accrued, unused paid time off, and have it available for use with the Company, please check the "Rollover PTO" box below the signature line below. Gossamer Services' paid time off policy will be the same as the policy currently in effect at Parent.



(f) Sign-On Bonus. You will be provided with a sign-on bonus of \$170,000. The sign-on bonus will be paid to you in two installments: 50% within ten (10) days of the Effective Date and the remaining amount six (6) months following the Effective Date. The sign-on bonus is subject to repayment in the event you voluntarily terminate your employment with the Company without Good Reason (as defined below) or if the Company terminates your employment for Cause (as defined below), in either event within the first year of your employment with the Company. Repayment of the sign-on bonus shall be forgiven on the first anniversary of your commencement of employment with the Company.

(g) Commuting Allowance. To assist you in working with the team onsite in San Diego for up to the first twenty-four (24) months of your employment prior to initiation of the relocation benefits described in clause (h) below, the Company will provide you with a monthly payment of \$4,800 to assist you with expenses related to commuting to San Diego for work, including flights, hotel and car rental. Should you establish housing through the relocation benefits, but not complete the full relocation during that 24-month period, the amount of the commuting allowance will be adjusted to \$1,000 per month for the remainder of the 24-month period. Should you complete the full relocation process prior to the 24-month period, payments will be concluded at that time and no additional commuting allowance will be provided. The commuting allowance payments will be treated as taxable compensation and will be grossed up to compensate for income taxes, which tax gross-up shall be paid in accordance with Treasury Regulation Section 1.409A-3(i)(1)(v).

(h) Relocation Benefits. To assist you with expenses associated with relocation to the San Diego area, you will be provided with relocation benefits up to a maximum of \$150,000 should you initiate the relocation by your second anniversary of employment. The amounts paid to you in connection with relocation will be paid and treated as taxable compensation and will be subject to any withholding tax and payroll deductions required by law. Relocation payments will be grossed up to compensate for income taxes, which tax gross-up shall be paid in accordance with Treasury Regulation Section 1.409A-3(i)(1)(v). The Company can provide you with a relocation company to assist in this process. The relocation amounts (and any related tax gross-up) are subject to repayment in the event you voluntarily terminate your employment with the Company without Good Reason or if the Company terminates your employment for Cause, in accordance with the terms of the separate Relocation Agreement delivered herewith (the "Relocation Agreement"). The terms of your relocation benefits shall otherwise be defined and governed by the Relocation Agreement.

### 3. At-Will Employment; Termination.

(a) At-Will Employment; Notice of Resignation. This Agreement shall not be construed as an agreement, either express or implied, to employ you for any stated term, and shall in no way alter the Company's policy of employment at-will, under which both the Company and you remain free to end the employment relationship for any reason, at any time, with or without cause or notice. Although your job duties, title, compensation and benefits, as well as the Company's personnel policies and procedures, may change from time to time, the "at-will" nature of your employment may only be changed by a written agreement signed by you and an executive officer of the Company, which expressly states the intention to modify the at-will nature of your employment. Similarly, nothing in this Agreement shall be construed as an agreement, either express or implied, to pay you any compensation or grant you any benefit beyond the end of your employment with the Company, except as otherwise explicitly set forth herein.

(b) Termination Payment. In the event your employment with the Company ever terminates, on your last day of employment, you will receive your accrued but unpaid base salary and all accrued but unused paid time off through the last day of your employment, in accordance with the Company's then-current payroll policies and practices (the "Termination Payment").

(c) Termination Without Cause or Resignation For Good Reason Prior to a Change in Control or More Than 12 Months Following a Change in Control. Without otherwise limiting the "at-will" nature of your employment, in the event your employment is terminated at any time by the Company (or any of its subsidiaries or affiliates, as applicable, or any of their respective successors or assigns) without Cause (excluding by reason of your death and Disability (as defined below)) or by you for Good Reason in each case prior to a Change in Control (as defined below) or more than twelve (12) months following a Change in Control, then, in addition to the Termination Payment, the Company shall provide the following payments and benefits ("Severance Benefits"): (i) continued payment of your base salary at the then-current rate per pay period for a period of nine (9) months following your termination date, in accordance with the Company's then-current payroll policies and practices; and (ii) provided you timely elect and remain eligible for coverage pursuant to Part 6 of Title I of ERISA, or similar state law (collectively, "COBRA"), payment or reimbursement to you of an amount equal to the full monthly premium for COBRA continuation coverage under the Company's medical plans as in effect on the date of your termination with respect to the level of coverage in effect for you and your eligible dependents as of the date of your termination, on a monthly basis on the first business day of the calendar month next following the calendar month in which the applicable COBRA premiums were paid, with respect to the period from the date of your termination until the earlier of (x) nine (9) months following such date and (y) the date you become eligible for coverage under a subsequent employer's medical plan.

(d) Termination Without Cause or Resignation For Good Reason Within 12 Months Following a Change in Control. In the event your employment is terminated at any time by the Company (or any of its subsidiaries or affiliates, as applicable, or any of their respective successors or assigns) without Cause (excluding by reason of your death and Disability) or by you for Good Reason, in each case on or within twelve (12) months after a Change in Control, then, in addition to the Termination Payment, the Company shall provide the following payments and benefits ("Change in Control Severance Benefits"): (i) continued payment of your base salary at the then-current rate per pay period for a period of twelve (12) months following your termination date, in accordance with the Company's then-current payroll policies and practices; (ii) payment of your Target Bonus for the calendar year during which your date of termination occurs, on the Payment Date; (iii) full vesting of any unvested portion of any equity awards then held by you, which shall no longer be subject to any restrictions or forfeiture, and full exercisability with respect to stock options and similar awards; and (iv) provided you timely elect and remain eligible for coverage pursuant to COBRA, payment or reimbursement to you of an amount equal to the full monthly premium for COBRA continuation coverage under the Company's medical plans as in effect on the date of your termination with respect to the level of coverage in effect for you and your eligible dependents as of the date of your termination, on a monthly basis on the first business day of the calendar month next following the calendar month in which the applicable COBRA premiums were paid, with respect to the period from the date of your termination until the earlier of (x) twelve (12) months following such date and (y) the date you become eligible for coverage under a subsequent employer's medical plan. Notwithstanding anything to the contrary and for the avoidance of doubt, any Change in Control Severance Benefits paid to you shall be instead of, and not in addition to, any Severance Benefits that may be paid to you.

(e) Death or Disability. In the event your employment is terminated at any time by the Company (or any of its subsidiaries or affiliates, as applicable, or any of their respective successors or assigns) by reason of your death or Disability, then, in addition to the Termination Payment, the Company shall provide that the greater of (i) fifty percent (50%) of the unvested portion of any equity awards then held by you immediately prior to such termination or (ii) the portion of such equity awards that would have otherwise vested in the nine (9) month period following the date of such termination of employment, shall vest and shall no longer be subject to restrictions or forfeiture on the date of such termination (“Qualified Accelerated Vesting”).

(f) Release. Notwithstanding anything to the contrary in the foregoing, you will not be entitled to receive any Severance Benefits, Change in Control Severance Benefits or Qualified Accelerated Vesting, as applicable (to the extent applicable, the “Termination Benefits”) unless, within sixty (60) days following the date of termination, you, or in the event of your death or Disability, your legal representatives, have executed a general release of all known and unknown claims and covenant not to sue in the form attached hereto as Exhibit A (with such changes to such form to help ensure enforceability under applicable law) (the “Release”), and any revocation period thereunder has lapsed without exercise by you (or your legal representatives) of such revocation right.

(g) Payment Timing. The Termination Benefits shall be paid or provided or shall commence on the first payroll period following the date the Release becomes effective (the “Payment Date”) and the first payment shall include all accrued amounts from the date of termination, provided that if the period during which you may deliver the Release required hereunder spans two (2) calendar years, the Payment Date shall be no earlier than January 1 of the second calendar year.

(h) Definitions.

(i) For purposes of this Agreement, “Change in Control” shall have the meaning set forth in the Gossamer Bio, Inc. 2017 Equity Incentive Plan, as in effect on the Effective Date (the “Equity Plan”); *provided, however*, that effective on the date on which the Company’s Registration Statement on Form S-1 filed with respect to the Company’s initial public offering (“IPO”) becomes effective, “Change in Control” shall have the meaning set forth in the equity plan adopted by Parent in connection with the IPO.

(ii) As used herein, “Cause” means: (A) a willful and material act of dishonesty by you in connection with the performance of your duties as an employee of the Company; (B) your conviction of, or plea of guilty or nolo contendere to, a felony, or any crime involving fraud or embezzlement that the Board reasonably determines has had or is reasonably likely to have a materially detrimental effect on the Company’s reputation or business; (C) your gross misconduct in the performance of your duties as an employee of the Company; (D) your willful and material unauthorized use or disclosure of any proprietary information or trade secrets of the Company or any other party to whom you owe an obligation of nondisclosure as a result of your relationship with the Company; (E) your willful and material breach of any obligations under any written agreement or written covenant with the Company; or (F) your continued willful and substantial failure to perform your material employment duties that are lawfully assigned to you in good faith by your reporting superior (other than as a result of your death or Disability) after written

notice. Cause shall not exist unless, in any case, you have first received a written notice from the Board that sets forth the factual basis for the Board's determination as to any behavior or occurrence claimed as Cause and you fail to cure such claimed behavior or occurrence, if curable, to the reasonable satisfaction of a majority of the Board within ten (10) business days after receiving such written notice, in which case your termination date will be the expiration date of the cure period, if any. For purposes of this paragraph, no act or failure to act on your part shall be considered "willful" unless it is done or omitted to be done by you in bad faith and without reasonable belief that the act or failure to act was in the best interest of the Company.

(iii) As used herein, "Good Reason" means the occurrence of one or more of the following, without your written consent: (A) a material reduction in your base salary or target annual bonus; (B) a material diminution of your title, duties, responsibilities or reporting lines; (C) a material change in the principal geographic location at which you must perform services, more than fifty (50) miles from the Company's head office; (D) a material breach by the Company of this Agreement. Any such event shall not constitute Good Reason unless and until you have provided the Company with written notice thereof no later than sixty (60) days following the initial occurrence of such event and the Company shall have failed to remedy such event (if capable of being remedied) within thirty (30) days of receipt of such notice, and you must terminate your employment with the Company within sixty (60) days after the expiration of such thirty (30)-day remedial period.

(iv) As used herein, "Disability" means a permanent and total disability within the meaning of Section 22(e)(3) of the Code, as it may be amended from time to time.

(i) Section 409A of the Code. Any severance payments to you under this Agreement shall begin only after the date of your "separation from service" within the meaning of Internal Revenue Code Section 409A and the regulations and guidance promulgated thereunder (collectively "Section 409A") and determined as set forth below, which occurs on or after date of the termination of your employment, and shall be subject to the following provisions:

(i) The intent of the parties is that payments and benefits under this Agreement comply with, or be exempt from Section 409A and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. For purposes of Section 409A, your right to receive any installment payments pursuant to this Agreement will be treated as a right to receive a series of separate and distinct payments. Neither the Company nor you shall have the right to accelerate or defer the delivery of any such payments except to the extent specifically permitted or required by Section 409A.

(ii) If, as of the date of your "separation from service" from the Company, you are not a "specified employee" (within the meaning of Section 409A), then each installment of the severance payments shall be made on the dates and terms set forth in this Agreement.

(iii) If, as of the date of your "separation from service" from the Company, you are a "specified employee" (within the meaning of Section 409A), then:

(A) Each installment of the severance payments that, in accordance with the dates and terms set forth in this Agreement, will in all circumstances, regardless of when the "separation from service" occurs, be paid within the short-term deferral

period (as defined in Section 409A) shall be treated as a “short-term deferral” within the meaning of Treasury Regulation Section 1.409A-1(b)(4) to the maximum extent permissible under Section 409A and shall be paid on the dates and terms set forth in this Agreement; and

(B) Each installment of the severance payments that is not described in clause (iii)(A) above and that would, absent this clause (B), be paid within the six-month period following your “separation from service” from the Company shall not be paid until the date that is six (6) months and one (1) day after such “separation from service” (or, if earlier, your death), with any such installments that are required to be delayed being accumulated during the six-month period and paid in a lump sum on the date that is six (6) months and one (1) day following your “separation from service” and any subsequent installments, if any, being paid in accordance with the dates and terms set forth in this Agreement; *provided, however*, that the preceding provisions of this clause (B) shall not apply to any installment of severance payments if and to the maximum extent that that such installment is deemed to be paid under a separation pay plan that does not provide for a deferral of compensation by reason of the application of Treasury Regulation 1.409A-1(b)(9)(iii) (relating to separation pay upon an involuntary separation from service). Any installments that qualify for the exception under Treasury Regulation Section 1.409A-1(b)(9)(iii) must be paid no later than the last day of your second taxable year following the taxable year in which the “separation from service” occurs.

(iv) The determination of whether and when your “separation from service” from the Company has occurred shall be made in a manner consistent with, and based on the presumptions set forth in, Treasury Regulation Section 1.409A-1(h). Solely for purposes of this paragraph (iv), “Company” shall include all persons with whom the Company would be considered a single employer under Section 414(b) and 414(c) of the Code.

(v) All reimbursements and in-kind benefits provided under the Agreement shall be made or provided in accordance with the requirements of Section 409A to the extent that such reimbursements or in-kind benefits are subject to Section 409A, including, where applicable, the requirements that (A) any reimbursement is for expenses incurred during your lifetime (or during a shorter period of time specified in this Agreement), (B) the amount of expenses eligible for reimbursement during a calendar year may not affect the expenses eligible for reimbursement in any other calendar year, (C) the reimbursement of any eligible expense will be made on or before the last day of the calendar year following the year in which the expense is incurred, and (D) the right to reimbursement is not subject to set off or liquidation or exchange for any other benefit.

(vi) Notwithstanding any other provision of this Agreement, the Company makes no representation or warranty and shall have no liability to you or to any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A but do not satisfy an exemption from, or the conditions of, that section. If either you or the Company reasonably determines that any payment to you will violate Section 409A, you and the Company agree to use reasonable best efforts to restructure the payment in a manner that is either exempt from or compliant with Section 409A to the extent that the restructuring is consistent with the original economic intent of the parties. You and the Company agree to execute any and all amendments to this Agreement (or any other applicable agreement) that are consistent with the original economic intent of the parties and promote compliance with the distribution provisions of Section 409A in an effort to avoid or minimize, to the extent allowable by law, the tax (and any interest or penalties thereon) associated with Section 409A. If it is determined that a payment to you was (or may be) made in violation of Section 409A, the Company will

cooperate, to the extent commercially reasonable, with any effort by you to mitigate the tax consequences of such violation, including cooperation with your participation in any IRS voluntary compliance program or other correction procedure under Section 409A that may be available to you; *provided*, that such correction is consistent with the commercial intent of the parties hereunder; *provided, further*, that in no event shall the Company be obligated to incur any material cost in connection with its obligations under this sentence.

(vii) Notwithstanding the foregoing, if a Change in Control would give rise to a payment or settlement event with respect to any payment or benefit that constitutes “nonqualified deferred compensation,” the transaction or event constituting the Change in Control must also constitute a “change in control event” (as defined in Treasury Regulation §1.409A-3(i)(5)) in order to give rise to the payment or settlement event for such payment or benefit, to the extent required by Section 409A.

#### 4. Section 280G of the Code.

(a) Best Pay Provision. Notwithstanding anything to the contrary contained in this Agreement, to the extent that any of the payments and benefits provided for under this Agreement or any other agreement or arrangement between the Company and you (collectively, the “Payments”) (i) constitute a “parachute payment” within the meaning of Section 280G of the Code and (ii) but for this paragraph, would be subject to the excise tax imposed by Section 4999 of the Code, then the Payments shall be reduced to the extent necessary so that no portion of such Payments retained by you shall be subject to excise tax under Section 4999 of the Code; *provided, however*, such reduction shall only occur if after taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999 of the Code, such reduction results in your receipt on an after-tax basis, of the greatest amount of benefits under this Agreement, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code; *provided, further*, that this sentence shall not apply if, immediately before the change in ownership or control on which such Payment is contingent or otherwise relates, no stock in the Company is readily tradeable on an established securities market or otherwise (as determined in accordance with Treasury Reg. Section 1.280G-1 Q&A 6). In the event of a determination that such reduction is to take place, reduction shall occur in the following order: first, reduction of cash payments, which shall occur in reverse chronological order such that the cash payment owed on the latest date following the occurrence of the event triggering such excise tax will be the first cash payment to be reduced; second, cancellation of accelerated vesting of equity awards, which shall occur in the reverse order of the date of grant for such stock awards (i.e., the vesting of the most recently granted stock awards will be reduced first); and third, reduction of employee benefits, which shall occur in reverse chronological order such that the benefit owed on the latest date following the occurrence of the event triggering such excise tax will be the first benefit to be reduced. If two or more equity awards are granted on the same date, each award will be reduced on a pro-rata basis.

(b) Stockholder Approval. Notwithstanding the foregoing, if any Payments would not be subject to such excise tax if the stockholder approval requirements of Section 280G(b)(5) of the Code are satisfied, subject to your waiver of the rights to such Payments in accordance with Section 280G of the Code with respect to any portion of the Payments that would otherwise be subject to excise tax imposed by Section 4999 of the Code (before giving effect to any reduction in Payments contemplated in the two preceding sentences), the Company shall use its reasonable best efforts to cause such payments to be submitted for such approval prior to the event giving rise to such payments. To the extent the Company submits any payment or benefit payable

to you under this Agreement or otherwise to the Company's stockholders for approval in accordance with Treasury Reg. Section 1.280G-1 Q&A 7, the foregoing provisions shall not apply following such submission and such payments and benefits will be treated in accordance with the results of such vote, except that any reduction in, or waiver of, such payments or benefits required by such vote will be applied without any application of discretion by you and in the order prescribed in the preceding paragraph. In no event shall you have any discretion with respect to the ordering of payment reductions.

(c) Calculations. Unless you and the Company otherwise agree in writing, any determination required under this paragraph shall be made in writing by the Company's independent public accountants immediately preceding the change in ownership or control on which such Payments are contingent or otherwise relate (the "Accountants"), whose determination shall be conclusive and binding upon you and the Company for all purposes. For purposes of making the calculations required by this Section 4, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely in reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and you shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this paragraph. The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this paragraph. If the limitation set forth in Section 4(a) is applied to reduce an amount payable to you, and the Internal Revenue Service successfully asserts that, despite the reduction, you have nonetheless received payments which are in excess of the maximum amount that could have been paid to you without being subjected to any excise tax, then, unless it would be unlawful for the Company to make such a loan or similar extension of credit to you, you may repay such excess amount to the Company as though such amount constitutes a loan to you made at the date of payment of such excess amount, bearing interest at 120% of the applicable federal rate (as determined under Section 1274(d) of the Code in respect of such loan).

#### 5. Restrictive Covenants.

(a) No Other Agreements. You represent that you are not bound by any employment contract, restrictive covenant or other restriction preventing you from entering into employment with or carrying out your responsibilities for the Company, or which is in any way inconsistent with the terms of this Agreement.

(b) PIIA. You have previously executed the Company's Proprietary Information and Inventions Assignment Agreement, which is attached hereto as Exhibit B ("PIIA"), and you hereby reaffirm your agreements and obligations thereunder.

(c) Defend Trade Secrets Act Notice of Immunity Rights. You acknowledge that the Company has provided you with the following notice of immunity rights in compliance with the requirements of the Defend Trade Secrets Act: (i) you shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of Proprietary Information (as defined in the PIIA) that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law; (ii) you shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of Proprietary Information that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; and (iii) if you file a lawsuit for retaliation by the Company for reporting a suspected violation of law, you may disclose the Proprietary Information to your attorney and use the Proprietary

Information in the court proceeding, if you file any document containing the Proprietary Information under seal, and do not disclose the Proprietary Information, except pursuant to court order.

6. Notices. All notices or other communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given when delivered personally or one (1) business day after being sent by a nationally recognized overnight delivery service, charges prepaid. Notices also may be given electronically via PDF and shall be effective on the date transmitted if confirmed within 48 hours thereafter by a signed original sent in the manner provided in the preceding sentence. Notice to you shall be sent to your most recent residence and personal email address on file with the Company. Notice to the Company shall be sent to its physical address set forth on the first page hereto and addressed to the Chairperson of the Board at the email address provided by the Company for such person.

7. Entire Agreement; Miscellaneous. This Agreement, together with any documents relating to the Company equity held by you, any stock grant notices or stock agreements referenced herein, the PIIA and the Relocation Agreement, constitutes the entire agreement and understanding between the parties as to the subject matter herein and supersedes all prior or contemporaneous agreements whether written or oral, including any offer letter executed by you in connection with your commencement of employment with the Company. The terms of this Agreement may only be modified in a specific writing signed by you and an authorized representative of the Company. The invalidity or unenforceability of any provision or provisions of this Agreement will not affect the validity or enforceability of any other provision hereof, which will remain in full force and effect. The terms in this Agreement may only be modified in writing and signed by you and an executive officer of the Company. In the event of any conflict between any of the terms in this Agreement and the terms of any other agreement between you and the Company, the terms of this Agreement will control. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one instrument. Execution and delivery of this Agreement by facsimile or other electronic signature is legal, valid and binding for all purposes. This Agreement is intended to bind and inure to the benefit of and be enforceable by you and the Company, and their respective successors, assigns, heirs, executors and administrators, except that you may not assign any of your duties hereunder and you may not assign any of your rights hereunder, without the written consent of the Company, which shall not be withheld unreasonably.

8. Governing Law. Your employment and this Agreement will be governed by the laws of the State of California, without reference to conflicts of laws principles which would result in the application of the law of any other jurisdiction.

9. Arbitration. To aid in the rapid and economical resolution of any disputes that may arise in the course of the employment relationship, you and the Company agree that any and all disputes, claims, or demands in any way arising out of or relating to the terms of this Agreement, Company equity held by you, your employment relationship with the Company, or the termination of your employment relationship with the Company, shall be resolved, to the fullest extent permitted by law, by final, binding and confidential arbitration in San Diego, California, conducted before a single neutral arbitrator selected and administered in accordance with the employment arbitration rules & procedures or then applicable equivalent rules of JAMS (the "JAMS Rules") and the Federal Arbitration Act, 9 U.S.C. Sec. 1, et seq. A copy of the JAMS rules may be found on the JAMS website at [www.jamsadr.com](http://www.jamsadr.com) and will be provided to you by the Company upon request. BY AGREEING TO THIS ARBITRATION PROCEDURE, YOU AND THE COMPANY WAIVE THE RIGHT TO RESOLVE ANY SUCH DISPUTE, CLAIM OR DEMAND



THROUGH A TRIAL BY JURY OR JUDGE OR BY ADMINISTRATIVE PROCEEDING IN ANY JURISDICTION. You will have the right to be represented by legal counsel at any arbitration proceeding, at your expense. The arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be available under applicable law in a court proceeding and (b) issue a written statement signed by the arbitrator regarding the disposition of each claim and the relief, if any, awarded as to each claim, the reasons for the award, and the arbitrator's essential findings and conclusions on which the award is based. The arbitrator shall administer and conduct any arbitration in accordance with California law and shall apply substantive and procedural California law to any such dispute, claim or demand, without reference to any conflict-of-law provisions of any jurisdiction. To the extent that the JAMS Rules conflict with California law, California law shall take precedence. The parties agree that the prevailing party in any arbitration shall be entitled to injunctive relief in any court of competent jurisdiction to enforce the arbitration award. Nothing in this Agreement is intended to prevent either you or the Company from obtaining injunctive relief (or any other provisional remedy) in any court of competent jurisdiction pursuant to California Code of Civil Procedure Section 1281.8 to prevent irreparable harm (including, without limitation, pending the conclusion of any arbitration). The Company shall pay the arbitrator's fees, arbitration expenses and any other costs unique to the arbitration proceeding (recognizing that each side shall bear its own deposition, witness, expert and attorney's fees and other expenses to the same extent as if the matter were being heard in court).

10. Withholding and other Deductions. All compensation payable to you hereunder shall be subject to such deductions as the Company is from time to time required to make pursuant to law, governmental regulation or order.

Please acknowledge your acceptance of the terms of this Agreement by returning a signed copy of this Agreement.

Very truly yours,

Gossamer Bio, Inc.

By: /s/ Sheila Gujrathi

Name: Sheila Gujrathi, M.D.

Title: Chief Executive Officer and President

Gossamer Bio Services, Inc.

By: /s/ Sheila Gujrathi

Name: Sheila Gujrathi, M.D.

Title: Chief Executive Officer and President

Agreed and Accepted:

I have read and understood this Agreement and hereby acknowledge, accept and agree to the terms as set forth above.

/s/ Jakob Dupont  
Jakob Dupont

Date: December 14, 2018

- Rollover PTO.** I want to rollover my accrued, unused paid time off, and to have it available for use with the Company following the transfer of my employment.
- No Rollover.** I do not want to rollover my accrued, unused paid time off, and understand that I will receive a payout of my accrued, unused paid time off and I will not have any paid time off available immediately following the transfer of my employment to the Company.

Form of Release

In consideration of the Termination Benefits (as defined in the Agreement) provided and to be provided to me by Gossamer Bio, Inc., or any affiliate or successor thereof (the "Company") pursuant to my Agreement with Company dated December 15, 2018 (the "Agreement"), and in connection with the termination of my employment, the Company and I agree to the following, including a general release as specified below (the "Release").

1. On behalf of myself, my heirs, executors, administrators, successors and assigns, I hereby fully and forever generally release and discharge Company, its current, former and future parents, subsidiaries, affiliated companies, related entities, employee benefit plans and their fiduciaries, predecessors, successors, officers, directors, shareholders, agents, employees and assigns (collectively, the "Company Releasees") from any and all claims, causes of action, and liabilities up through the date of my execution of the Release (except with respect to Termination Benefits under the Agreement and any other rights that I have accrued under the employee benefit plans and equity award plans of the Company). The claims subject to this release include, but are not limited to, those relating to my employment with Company and/or any predecessor to the Company and the termination of such employment. All such claims (including related attorneys' fees and costs) are barred without regard to whether those claims are based on any alleged breach of a duty arising in statute, contract or tort. This expressly includes waiver and release of any rights and claims arising under any and all laws, rules, regulations and ordinances, including, but not limited to: Title VII of the Civil Rights Act of 1964; the Older Workers Benefit Protection Act; the Americans With Disabilities Act; the Age Discrimination in Employment Act; the Fair Labor Standards Act; the National Labor Relations Act; the Family and Medical Leave Act; the Employee Retirement Income Security Act of 1974, as amended ("ERISA"); the Workers Adjustment and Retraining Notification Act; the California Fair Employment and Housing Act (if applicable); the provisions of the California Labor Code (if applicable); the Equal Pay Act of 1963; and any similar law of any other state or governmental entity.

2. The parties agree to apply California law in interpreting the Release. Accordingly, I further waive any rights under Section 1542 of the Civil Code of the State of California or any similar state statute. Section 1542 states:

**"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which, if known to him or her, must have materially affected his or her settlement with the debtor."**

This Release does not extend to, and has no effect upon, (a) any benefits that have previously accrued, and to which I have become vested or otherwise entitled to, under any agreement, employee benefit plan, program or policy sponsored or maintained by the Company; (b) my right to indemnification and/or contribution, advancement or payment of related expenses by the Company under any written indemnification or other agreement between the parties; (c) my right to continued coverage by the Company's director's and officer's insurance, other insurance policies of the Company, COBRA or any similar state law; (d) any claims for breach of this Release or the Agreement; (e) any claims that may not be released by private agreement; and (f) any claims arising after the date I sign the Release.

3. In understanding the terms of the Release and my rights, I have been advised to consult with an attorney of my choice prior to executing the Release. I understand that nothing in the Release will prohibit me from exercising legal rights that are, as a matter of law, not subject to waiver, such as: (a) my rights under applicable workers' compensation laws; (b) my right, if any, to seek state disability or unemployment benefits; (c) my right to indemnity under California Labor Code section 2802 or other applicable state-law right to indemnity; (d) my right to file a charge or complaint with a government agency such as but not limited to the Equal Employment Opportunity Commission, the National Labor Relations Board, the Department of Labor, the California Department of Fair Employment and Housing, or other applicable state agency; and (e) my right to communicate or cooperate with any governmental agency and to receive awards from or by a government agency for providing information. Moreover, I will continue to be indemnified for my actions taken while employed by the Company to the same extent as other then-current or former directors and officers of the Company under the Company's Certificate of Incorporation and Bylaws and the Indemnification Agreement between me and the Company, if any, and I will continue to be covered by the Company's directors and officers liability insurance policy as in effect from time to time to the same extent as are other then-current or former directors and officers of the Company, each subject to the requirements of the laws of the State of Delaware.

4. I understand and agree that Company will not provide me with the Termination Benefits unless I execute the Release. I also understand that I have received or will receive, regardless of the execution of the Release, all wages owed to me together with any accrued but unused paid time off, less applicable withholdings and deductions, earned through my termination date.

5. In my existing and continuing obligations to Company, I have returned to Company all Company documents (and all copies thereof) and other Company property that I have had in my possession at any time, including but not limited to Company files, notes, drawings, records, business plans and forecasts, financial information, specification, computer-recorded information, tangible property (including, but not limited to, computers, laptops, pagers, etc.), credit cards, entry cards, identification badges and keys and any materials of any kind which contain or embody any proprietary or confidential information of Company (and all reproductions thereof). I understand that, even if I did not sign the Release, I am still bound by any and all confidential/proprietary/trade secret information, non-disclosure and inventions assignment agreement(s) signed by me in connection with my employment with Company, or with a predecessor or successor of Company pursuant to the terms of such agreement(s).

6. I represent and warrant that I am the sole owner of all claims relating to my employment with Company and/or with any predecessor of Company and that I have not assigned or transferred any claims relating to my employment to any other person or entity.

7. I agree to keep the Termination Benefits and the provisions of the Release confidential and not to reveal its contents to anyone except my lawyer, my accountant, my spouse or other immediate family member and/or my financial consultant, or as required by legal process or applicable law or otherwise responding accurately and fully to any question, inquiry or request for information or documents, including, without limitation, in any criminal, civil, or regulatory proceeding or investigation, or as necessary in any action for enforcement or claimed breach of this Release or any other legal dispute with the Company. Nothing in this Agreement shall prohibit me from reporting or disclosing information under the terms of the Company's Reporting Suspected Violations of Law Policy or such similar policy as the Company may have in effect from time to time.

8. I understand and agree that the Release will not be construed at any time as an admission of liability or wrongdoing by either the Company Releasees or me.

9. I agree that I will not make any negative or disparaging statements or comments, either as fact or as opinion, about the Company, its employees, officers, directors, shareholders, vendors, products or services, business, technologies, market position or performance. The Company agrees that it shall not, and shall cause its directors, executive officers, employees and representatives not to, make any negative or disparaging statements or comments, either as fact or as opinion, about you. Nothing in this paragraph will prohibit me or the Company from providing truthful information in response to a subpoena or other legal process.

10. Any controversy or claim arising out of or relating this Release, its enforcement or interpretation, or because of an alleged breach, default or misrepresentation in connection with any of its provisions, will be submitted to arbitration consistent with the terms of the Agreement.

11. As a condition of my receipt of the Termination Benefits, I agree that, upon reasonable notice (after taking into account, to the extent reasonably practicable, my other personal and business commitments) and without the necessity of Company obtaining a subpoena or court order, I will provide reasonable cooperation to Company in connection with any suit, action or proceeding (or any appeal from any suit, action or proceeding), or the decision to commence on behalf of the Company any suit, action or proceeding, any investigation and/or any defense of any claims asserted against the Company or any of the Company's current or former directors, officers, employees, partners, stockholders, agents or representatives of any of the foregoing, and any ongoing or future investigation or dispute or claim of any kind involving the Company that relates to events occurring during my employment as to which I may have relevant information and any other matter for which I was responsible or had knowledge of through date of my termination of employment. Such cooperation may include, but will not be limited to, providing background information within my knowledge; aiding in the drafting of declarations; executing declarations or similar documents; testifying or otherwise appearing at investigation interviews, depositions, arbitrations or court hearings; and preparing for the above-described or similar activities. Upon the reasonable request of Company, I agree to cooperate with the transition of my job responsibilities on any termination of employment and cooperate in providing information on matters on which I was involved while an employee.

12. As provided in the Older Workers Benefit Protection Act, I am hereby advised and agree that:

(a) I have had at least twenty-one (21) calendar days in which to consider whether to execute the Release, no one hurried me into executing the Release during that period and no one coerced me into executing the Release. If I signed this Release prior to the expiration of the twenty-one (21) day period, I did so voluntarily and waive the balance of the twenty-one (21) day period. I understand that the offer of the Termination Benefits and the Release will expire on the twenty-second (22nd) calendar day after my employment termination date if I have not accepted it by that time.

(b) I am hereby advised to consult with a lawyer before signing this Agreement.

(c) This Release provides for consideration in addition to any amount I am otherwise entitled to receive without signing this Release.

(d) This Release does not release any claims arising out of events occurring after I sign this Release

(e) I may revoke this Agreement within the seven (7) day period following the date on which I signed this Release. I understand that if I revoke this release, the Company will not be obligated to provide the Termination Benefits. I further understand that Company's obligations under the Release will not become effective or enforceable until the eighth (8th) calendar day after the date I sign the Release provided that I have timely delivered it to Company (the "Release Effective Date") and have not timely revoked it. I understand that the Termination Benefits will become available to me at such time after the Release Effective Date.

13. In executing the Release, I acknowledge that I have not relied upon any statement made by Company, or any of its representatives or employees, with regard to the Release unless the representation is specifically included herein. Furthermore, the Release contains our entire understanding regarding eligibility for Termination Benefits and supersedes any or all prior representations and agreements regarding the subject matter of the Release. However, the Release does not modify, amend or supersede written Company agreements that are consistent with enforceable provisions of the Release such as my Agreement, confidential information and invention assignment agreement, and any stock, stock option and/or stock purchase agreements between Company and me. Once effective and enforceable, this Release can be changed only by another written agreement signed by me and an authorized representative of Company.

14. Should any provision of the Release be determined by an arbitrator, court of competent jurisdiction or government agency to be wholly or partially invalid or unenforceable, the legality, validity and enforceability of the remaining parts, terms or provisions are intended to remain in full force and effect. Specifically, should a court, arbitrator or agency conclude that a particular claim may not be released as a matter of law, it is the intention of the parties that the general release and the waiver of unknown claims above will otherwise remain effective to release any and all other claims. I acknowledge that I have obtained sufficient information to intelligently exercise my own judgment regarding the terms of the Release before executing the Release.

15. The Termination Benefits provided and to be provided to me by the Company consist of the applicable benefits and payments in accordance with the Agreement.

16. The Release may be executed in any number of counterparts, all of which taken together shall constitute one instrument. Execution and delivery of the Release by facsimile or other electronic signature is legal, valid and binding for all purposes.

17. The Release will be governed by and enforced under California law, without regard to its conflict of law rules that would result in the application of the laws of any other jurisdiction.

[Signature page follows]

EMPLOYEE'S ACCEPTANCE OF RELEASE

BEFORE SIGNING MY NAME TO THE RELEASE, I STATE THE FOLLOWING: I HAVE READ THE RELEASE, I UNDERSTAND IT AND I KNOW THAT I AM GIVING UP IMPORTANT RIGHTS. I HAVE OBTAINED SUFFICIENT INFORMATION TO INTELLIGENTLY EXERCISE MY OWN JUDGMENT. I HAVE BEEN ADVISED THAT I SHOULD CONSULT WITH AN ATTORNEY BEFORE SIGNING IT, AND I HAVE SIGNED THE RELEASE KNOWINGLY AND VOLUNTARILY.

EFFECTIVE UPON EXECUTION BY EMPLOYEE AND THE COMPANY.

Executed this    day of            , 20

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Agreed and Accepted:

Gossamer Bio, Inc.

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By:  
Title:  
Date:

Gossamer Bio Services, Inc.

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By:  
Title:  
Date:

**Proprietary Information and Inventions Assignment Agreement**



**PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT**

The following confirms an agreement (“**Agreement**”) between you and **GOSSAMER BIO SERVICES, INC.**, a Delaware corporation (the “**Company**,” which term includes the Company’s parent, Gossamer Bio, Inc. (“**Parent**”), Parent’s subsidiaries, and any other entity in which I am asked to provide services for, and each of their respective successors and assigns), which is a material part of the consideration for my employment and continued employment by the Company:

1. **PROPRIETARY INFORMATION.** I understand that my employment creates a relationship of confidence and trust between me and the Company with respect to Proprietary Information of the Company, its business partners or its customers or suppliers which may be learned by me during the period of my employment or any period prior thereto wherein I was performing services for the Company or any predecessor thereof. For purposes of this Agreement, “**Proprietary Information**” is any information, data, trade secret or know-how (whether in tangible or electronic form or maintained in mind or memory or in another intangible form of expression) that was or is developed by, or became or becomes known by the Company or me in relation to my employment with the Company or otherwise concerns the business, operations, products, or technology of the Company, or was or is assigned or otherwise conveyed to the Company. “Proprietary Information” also includes, without limitation, all financial, business, scientific, technical, economic and/or engineering information, including without limitation, business strategies, business plans, forecasts, strategies, development plans, promotional and marketing objectives, results of research, trials or operations, pricing, customer lists, supplier lists, patent disclosures, patent applications, know-how, trade secrets, compilations, ideas, inventions, improvements, research, discoveries, techniques, methods, processes, manufacturing techniques, procedures, formulations, designs, patterns, drawings, flow charts, schematics, tooling, plans, configurations, specifications, documents, data sheets, mock-ups, models, compounds, compositions, structures, prototypes, programs, computer code, algorithms, mechanisms, materials, equipment, samples, test results, opinions, data, analysis, the salaries, duties, qualifications, performance levels, and terms of compensation of other employees and other proprietary information. Proprietary Information does not include any of the foregoing items that is or has become publicly and widely known and made generally available through no wrongful act of mine or of others who were under confidentiality obligations as to the item or items involved.

2. **COVENANTS AND AGREEMENTS.** In consideration of my employment by the Company and the compensation received by me from the Company from time to time, I hereby agree as follows:

(a) **Confidentiality.** At all times, both during my employment by the Company and after its termination, I will keep in confidence and trust and will not use or disclose any Proprietary Information or anything relating to it without the written consent of the Company, except as may be necessary in the ordinary course of performing my duties to the Company.

(b) **Defend Trade Secrets Act Notice of Immunity Rights.** I acknowledge that the Company has provided me with the following notice of immunity rights in compliance with the requirements of the Defend Trade Secrets Act: (i) I shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of Proprietary Information that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law; (ii) I shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of Proprietary Information that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; and (iii) if I file a lawsuit for retaliation by the Company for reporting a suspected violation of law, I may disclose the

Proprietary Information to my attorney and use the Proprietary Information in the court proceeding, if I file any document containing the Proprietary Information under seal, and do not disclose the Proprietary Information, except pursuant to court order.

(c) **Return of Company Documents.** In the event of the termination of my employment by me or by the Company for any reason, I shall return all physical and electronic documents and records and all apparatus, equipment and other property, or any reproduction of such property, whether or not pertaining to Proprietary Information, furnished to me by the Company or produced by myself or others in connection with my employment, to the Company immediately as and when requested by the Company.

(d) **Disclosure of Inventions.** I will promptly disclose to the Company, or any persons designated by it, all Inventions made or conceived or reduced to practice or developed by me, either alone or jointly with others, during the term of my employment or any period prior thereto wherein I was performing services for the Company or any predecessor thereof, in sufficient detail to enable the Company to practice such inventions. “**Inventions**” includes all improvements, inventions, discoveries, formulas, ideas, circuits, mask works, works of authorship, processes, computer programs, algorithms, techniques, schematics, industrial designs, know-how and data, whether or not patentable. I will also disclose to the Company all Inventions conceived, reduced to practice, or developed by me within six (6) months of the termination of my employment with the Company. Such disclosure shall be received by the Company in confidence and does not extend the assignment made in Section 2(e) below.

(e) **Ownership; Assignment of Inventions.** I agree that all Proprietary Information, and all Inventions which I make, conceive, reduce to practice or develop (in whole or in part, either alone or jointly with others) during my employment or any period prior thereto wherein I was performing services for the Company or any predecessor thereof, are and shall be the sole property of the Company to the maximum extent permitted by law. I hereby assign to the Company any and all rights I may have or acquire in such Inventions and/or in any other Proprietary Information of the Company and any and all worldwide patents, patent applications, copyrights, mask work rights, industrial design rights, trade secret rights and other intellectual property rights related thereto or resulting therefrom. The Company’s ownership and my assignment hereunder shall not extend to Inventions that (a) qualify fully under the provisions of Section 2870 of the California Labor Code, a copy of which is attached hereto as Exhibit A, if I am employed in California or (b) I developed entirely on my own time without using the Company’s equipment, supplies, facilities, or trade secret information except for those inventions that either: (1) relate at the time of conception or reduction to practice of the invention to the Company’s business, or actual or demonstrably anticipated research or development of the Company; or (2) result from any work performed by me for the Company.

(f) **Assignment of Moral Rights.** In addition to the foregoing assignment of Inventions to the Company, I hereby irrevocably transfer and assign to the Company any and all “Moral Rights” (as defined below) that I may have in or with respect to any Invention. I also hereby forever waive and agree never to assert any and all Moral Rights I may have in or with respect to any Invention, even after termination of my work on behalf of the Company. “Moral Rights” mean any rights to claim authorship of an invention to object to or prevent the modification of any Invention, or to withdraw from circulation or control the publication or distribution of any Invention, and any similar right, existing under judicial or statutory law of any country in the world, or under any treaty, regardless of whether or not such right is denominated or generally referred to as a “moral right.”

(g) **Work for Hire.** I acknowledge and agree that any copyrightable works prepared by me within the scope of my employment are “works for hire” under the Copyright Act and that the Company will be considered the author and owner of such copyrightable works.

(h) **Prior Inventions.** I have attached as Exhibit B a complete list of all Inventions or improvements that relate to the business of the Company or actual or demonstrably anticipated research or development of the Company, that have been made or conceived or first reduced to practice by me alone or jointly with others prior to my employment by the Company or any period prior thereto wherein I was performing services for the Company or any predecessor thereof that I desire to clarify for the record are not Inventions which are to be assigned to Company under this Agreement, and I covenant that such list is complete. If no such list is attached to this Agreement, I represent that I have no such Inventions and improvements at the time of signing this Agreement. I will not use any prior Inventions in the performance of my duties without the prior express written consent of my supervisor, and if I do (but only if I do), I hereby grant to Company a perpetual, irrevocable, royalty-free, worldwide, full paid-up, transferable, sub-licensable, right and license to use and exploit the same.

(i) **Enforcement of Inventions; Further Actions.** I agree to perform, during and after my employment, all acts deemed necessary or desirable by the Company to permit and assist it, at the Company's expense, in obtaining, maintaining and enforcing patents, copyrights, trade secret rights, rights with respect to mask works or other rights on such Inventions and/or any other Inventions I have or may at any time assign to the Company and any designee of the Company in any and all countries. Such acts may include, but are not limited to, execution of documents and assistance or cooperation in legal proceedings. I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents, as my agents and attorneys-in-fact to act for and in my behalf and instead of me, to execute and file any applications or related filings and to do all other lawfully permitted acts to further the prosecution and issuance of patents, copyrights, trade secret rights, rights with respect to mask works or other rights thereon with the same legal force and effect as if executed by me.

(j) **Records.** I agree to keep and maintain adequate and current records (in the form of notes, sketches, drawings and in any other form that may be required by the Company) of all Proprietary Information developed by me and all Inventions made by me during the period of my employment at the Company, which records shall be available to and remain the sole property of the Company at all times.

(k) **Non-Competition.** During the period of my employment with the Company, without the prior written approval of an executive officer of the Company (or if I am an executive officer of the Company, without the prior approval of the Company's Board of Directors), I will not, either as an employee, employer, consultant, agent, principal, partner or officer, engage or participate in any employment, business or activity that is directly competitive with the business or proposed business of the Company, and will not assist any other person or organization in directly competing with the Company, or in preparing to engage in direct competition with the business or proposed business of the Company. The provisions of this section shall apply both during normal working hours and at all other times, including, without limitation, nights, weekends and vacation time, while I am employed by the Company.

(l) **No Solicitation.** During the term of my employment and for one (1) year thereafter, I will not, either directly or through others, solicit or attempt to solicit any employee, independent contractor or consultant of the Company to terminate his or her relationship with the Company in order to become an employee, consultant or independent contractor to or for any other person or entity, or otherwise encourage or solicit any employee of the Company to leave the Company for any reason or to devote less than all of any such employee's efforts to the affairs of the Company; provided that the foregoing shall not affect any responsibility I may have as an employee of the Company with respect to the bona fide hiring and firing of Company personnel.

(m) **No Conflicting Obligations.** I represent that my performance of all the terms of this Agreement will not breach any agreement or obligation to keep in confidence proprietary information acquired by me in confidence or in trust prior to my employment with the Company. I have not entered into, and I agree I will not enter into, any agreement either written or oral in conflict with this Agreement or in conflict with my employment with the Company.

(n) **No Improper Use of Information of Prior Employers and Others.** During my employment by the Company, I will not improperly use or disclose any confidential information or trade secrets, if any, of any former employer or any other person to whom I have an obligation of confidentiality, and I will not bring onto the premises of the Company any unpublished documents or any property belonging to any former employer or any other person to whom I have an obligation of confidentiality unless expressly authorized in writing by that former employer or person. Unless disclosed on Exhibit B hereto, I will use in the performance of my duties only information which is generally known and used by persons with training and experience comparable to my own, which is common knowledge in the industry or otherwise legally in the public domain, or which is otherwise provided or developed by the Company.

(o) **Notification of New Employer.** In the event that I leave the employ of the Company, I hereby consent to the notification of my new employer of my rights and obligations under this Agreement.

### 3. GENERAL PROVISIONS.

(a) **Employment.** I agree and understand that my employment with the Company constitutes "AT-WILL" employment and that nothing in this Agreement shall confer any right with respect to continuation of employment by the Company, nor shall it interfere in any way with my right or the Company's right to terminate my employment at any time, with or without cause.

(b) **Successors and Assigns.** This Agreement shall be effective as of the first day of my employment by the Company, and shall be binding upon me, my heirs, executors, assigns, and administrators and shall inure to the benefit of the Company, its subsidiaries, successors and assigns. I will not assign this Agreement or my obligations hereunder without the prior written consent of the Company, which consent may be withheld in the Company's sole discretion, and any such purported assignment without consent shall be null and void.

(c) **Survival.** The provisions of this Agreement shall survive the termination of my employment and the assignment of this Agreement by the Company to any successor in interest or other assignee.

(d) **Legal and Equitable Remedies.** Because my services are personal and unique and because I may have access to and become acquainted with the Proprietary Information of the Company, the Company shall have the right to enforce this Agreement and any of its provisions by injunction, specific performance or other equitable relief, without bond and without prejudice to any other rights and remedies that the Company may have for a breach of this Agreement.

(e) **Severability.** If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provisions shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provisions were so excluded and shall be enforceable in accordance with its terms.

(f) **Titles.** The titles and headings appearing at the beginning of the numbered sections and at the beginning of paragraphs have been inserted for convenience only and do not constitute any part of this Agreement.

(g) **Governing Law; Consent to Personal Jurisdiction.** I understand and agree that this Agreement shall be interpreted and enforced in accordance with the laws of the State of California without regard to the conflict of laws provisions thereof. I hereby expressly consent to the personal jurisdiction of the state and federal courts located in San Diego County, California for any lawsuit filed there against me by Company arising from or related to this Agreement.

(h) **Entire Agreement; Amendment.** This Agreement and the Exhibits hereto contain the entire understanding between the parties relating to the subject matter hereof and supersede any and all prior agreements, understandings and arrangements, whether written or oral, between the parties relating to such subject matter hereof. This Agreement may only be amended in writing by the Company and me and our respective permitted successors and assigns.

(i) **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall be deemed one instrument.

*[Signature Page Follows]*

Dated: 14 Dec 2018

/s/ Jakob Dupont  
Name: Jakob Dupont

Accepted and Agreed to:

**GOSSAMER BIO SERVICES, INC.**

By: /s/ Christian Waage  
Name: Christian Waage  
Title: EVP, General Counsel

SIGNATURE PAGE TO PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT

**EXHIBIT A**

§2870. Application of provision providing that employee shall assign or offer to assign rights in invention to employer.

(a) Any provisions in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either: (1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or (2) Result from any work performed by the employee for the employer.

(b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

**EXHIBIT B**

**GOSSAMER BIO SERVICES, INC.**

Ladies and Gentlemen:

1. The following is a complete list of all inventions or improvements that relate to the business of **GOSSAMER BIO SERVICES, INC.** (the "**Company**") or actual or demonstrably anticipated research or development of the Company, that have been made or conceived or first reduced to practice by me alone or jointly with others prior to my employment by the Company or any period prior thereto wherein I was performing services for the Company or any predecessor thereof that I desire to clarify for the record are not Inventions which are to be assigned to Company under the Company's Proprietary Information and Inventions Agreement.

- No inventions or improvements.
- See below: See attached document

<u>Invention Description</u>	<u>Patent No.</u>	<u>Date of Issue</u>
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- Additional sheets attached.

2. I propose to bring to my employment the following materials and documents of a former employer (provide copies of express written authorizations by former employer, if applicable):

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- No materials or documents.

/s/ Jakob Dupont  
Print Name: Jakob Dupont



1. Method for Early Detection of Ovarian Cancer (SK 1089). Lead Inventors: Dr. Jakob Dupont, **Dr. David Spriggs**. Application 60/502,160 filed 9.10.03. International Patent Application No. PCT/US04/29902, filed September 10, 2004. Application for US Patent Application Serial No 10/595,135 filed on March 2, 2006.
2. "Method of Administering and Using VEGF Inhibitors for the Treatment of Malignant Pleural Effusion." Lead Inventors: Christopher G. Azzoli, Mark G. Kris, and **Jakob Dupont**. Application No. 11/155,269, filed June 17, 2005.
3. USE OF NEUROFILIN-1 ANTAGONISTS FOR THE TREATMENT OF CANCER. Lead Investigators: **Jakob Dupont** and Rainer Brachmann. U.S. Patent Application No. 61/349,426.
4. Anti-Angiogenesis Therapy for the Treatment of Ovarian Cancer. Lead Investigators: **Jakob Dupont**, Cornelia Irl. Serial No. 61/307,095. Filing date February 23, 2010.
5. ANTI-ANGIOGENESIS THERAPY FOR THE TREATMENT OF OVARIAN CANCER; Application number: 20140178371. Inventors: **Jakob Dupont**, Cornelia Irl, Amreen Husain, Mika A. Sovak, Jing Yi, Hoa Nguyen.
6. METHODS FOR TREATING CANCER WITH NOTCH2/3 ANTIBODIES: Application number: 20130323266; Inventors: Timothy Charles HOEY, John A. Lewicki, Wan-Ching Yen, **Jakob Dupont**; OncoMed Pharmaceuticals Inc.
7. METHODS OF TREATING NEUROENDOCRINE TUMORS USING FRIZZLED-BINDING AGENTS; Application number: 20140134159; Inventors: ROBERT JOSEPH STAGG, **JAKOB DUPONT**; OncoMed Pharmaceuticals Inc.
8. Methods and Monitoring of Treatment with a DLL4 Antagonist: Application number: 20140220001; Inventors: Steven Eugene BENNER, Robert Joseph Stagg, **Jakob Dupont**; OncoMed Pharmaceuticals Inc.
9. METHODS AND MONITORING OF TREATMENT WITH A WNT PATHWAY INHIBITOR: Application number: 20140242078; Inventors: **Jakob DUPONT**, Robert J. STAGG; OncoMed Pharmaceuticals Inc.
10. Methods of Treating Hematological Malignancies with Notch1 Antibodies. Publication numb.: 20150232570. Inventors: Timothy C. Hoey, Ann M. Kapoun, Min Wang, Tzu-Ling Tang Lin, Jennifer Anne Cain, **Jakob Dupont**; OncoMed Pharmaceuticals Inc.
11. TREATMENT OF GASTRIC CANCER; Publication number: 20170157245. **Jakob Dupont**; OncoMed Pharmaceuticals Inc.
12. Combination Therapy for the Treatment of Disease; Publication number: 20160176962. Inventors: Christopher Lamond Murriel, Timothy Charles Hoey, Austin L. Gurney, Julie Michelle Roda, Minu K. Srivastava, Inkyung Park, **Jakob Dupont**
13. METHODS FOR TREATING CANCER WITH NOTCH1 ANTIBODIES; **Publication number:** 20170022289; January 26, 2017; ONCOMED PHARMACEUTICALS, INC.; **Inventors:** **Jakob Dupont**, Ann M. Kapoun, Belinda Cancilla
14. Combination Therapy For Treatment Of Disease; **Publication number:** 20160176962; **Publication date:** June 23, 2016. **Inventors:** Christopher Lamond Murriel, Timothy Charles Hoey, Austin L. Gurney, Julie Michelle Roda, Minu K. Srivastava, Inkyung Park, Jakob Dupont
15. Method and Monitoring of Treatment with an RSPO Antagonist; August 16, 2017; OncoMed Pharmaceuticals Inc; Inventors: Leonardo Faoro, Rainer Brachmann, **Jakob Dupont**, Ann Kapoun, Lu Xu
16. METHODS FOR TREATMENT OF CANCER COMPRISING TIGIT-BINDING AGENTS; March 31, 2017; OncoMed Pharmaceuticals Inc.; Inventors: Jakob Dupont and Hema Parmar; assigned International Patent Application No. PCT/US2017/063918,

**Gossamer Bio, Inc.**  
3013 Science Park Road, Suite 200  
San Diego, CA 92112

December 4, 2018

Dr. Luisa Salter-Cid  
c/o Gossamer Bio, Inc.  
3013 Science Park Road, Suite 200  
San Diego, CA 92112

Dear Luisa:

This letter agreement (this "Agreement") confirms the terms of your continuing employment with Gossamer Bio, Inc. ("Parent") and, effective January 1, 2019, with Gossamer Bio Services, Inc., a wholly-owned subsidiary of Parent ("Gossamer Services," and together with Parent, the "Company"). This Agreement is effective as of December 4, 2018 (the "Effective Date").

1. Title and Duties.

(a) Title and Duties. You will be employed by the Company, on a full-time basis, as its Chief Scientific Officer and to serve as an officer with that same position of Parent, working out of the Company's headquarters located in San Diego, California. You shall have all the duties, responsibilities and authority commensurate with these positions, subject to the supervision of, and reporting directly to, the Chief Executive Officer of the Company (the "Supervising Officer"). For the avoidance of doubt, all references in this Agreement to your "employment with the Company" shall include your employment with the Company and any of its affiliates and subsidiaries, as applicable.

(b) Time Commitment; Outside Activities. You agree to perform the duties and responsibilities of your positions, and such other duties and responsibilities as shall from time to time be mutually agreed upon between you and the Supervising Officer. You agree that, while employed by the Company, you will devote substantially all of your business time and your best efforts, business judgment, skill and knowledge exclusively to the advancement of the business and interests of the Company and to the discharge of your duties and responsibilities for it; *provided, however*, it is agreed that you may participate in outside charitable, civic, educational, professional, community or industry activities to the extent such activities do not individually or in the aggregate interfere with your duties and responsibilities to the Company or create an actual or potential conflict of interest with the Company's business; *provided, further*, that your service on any outside boards (whether for profit or non-profit) shall require the prior consent of the Supervising Officer. You agree to abide by the rules, regulations, instructions, personnel practices and policies of the Company, as adopted and amended from time to time by the Company.

(c) Transfer of Employment to Gossamer Services. Effective January 1, 2019, the Company will undertake an internal reorganization pursuant to which the employment of all employees will be transferred from Parent to Gossamer Services. As a result, effective January

1, 2019, Gossamer Services will be your employer of record. There will be no break in service as a result of this transfer of employment. You will continue to work in your same position, with the same terms and conditions of employment, and with the same Supervising Officer, as is currently in effect. In addition, you will continue to participate in substantially the same employee benefit plans that you participated in prior to the transfer, with no immediate changes in benefits or coverage (unless you elect any such changes during open enrollment for 2019). Subject to your elections, all applicable benefits withholdings and elections will continue following the transfer of your employment. Except as described in Section 2(e) below, all other terms and conditions related to your employment will be assigned to Gossamer Services and will remain in full force and effect after the transfer of your employment.

2. Compensation.

(a) Base Salary. You will receive an annual base salary of \$350,000, payable in accordance with the normal payroll practices of the Company in effect from time to time. Your performance will be reviewed by the Compensation Committee of the Board of Directors of Parent (the "Board") or the Supervising Officer on an annual basis in conjunction with an annual salary review. Effective upon the completion of the IPO (as defined below), your annual base salary shall be increased to \$380,000.

(b) Annual Bonus. Commencing with calendar year 2018, you will be eligible to receive an annual cash incentive bonus with a target amount equal to 40% of your then-current annual base salary (the "Target Bonus"). Your bonus in respect of 2018, and any future bonuses, will be subject to the terms of the applicable bonus plan developed and approved by the Board or the Compensation Committee of the Board. Any bonus awarded will be paid on or before March 15 of the calendar year immediately following the year for which the bonus was awarded, subject to your employment at the end of the calendar year for which the bonus is due, except as otherwise expressly provided for herein. To the extent your employment with Parent commenced following January 1, 2018, your 2018 annual bonus will be pro-rated to reflect your service during 2018.

(c) Benefits. You will be eligible to participate in any and all benefit programs that the Company establishes and makes available to its employees from time to time, provided that you are eligible under (and subject to all provisions of) the plan documents that govern those programs. Benefits are subject to change at any time in the Company's sole discretion.

(d) Expense Reimbursements. The Company will reimburse you for all reasonable business expenses incurred by you in the performance of your duties, subject to the Company's expense reimbursement policies applicable to senior executives in effect from time to time.

(e) Paid Time Off. You will be entitled to paid time off in accordance with the policies of the Company. In connection with your transfer of employment to Gossamer Services effective January 1, 2019, you may be entitled to receive payment of any accrued, unused paid time off that you have accrued with Parent. However, if you receive a payout of all accrued, unused paid time off, please understand you will have no paid time off available to you immediately after the transfer of your employment. In order to avoid this result, Parent and Gossamer Services have arranged to rollover your accrued, unused paid time off to Gossamer Services. If you do not want to rollover your accrued, unused paid time off to the Company, please check the "No Rollover" box

below the signature line below. If you do want to rollover your accrued, unused paid time off, and have it available for use with the Company, please check the “*Rollover PTO*” box below the signature line below. Gossamer Services’ paid time off policy will be the same as the policy currently in effect at Parent.

3. At-Will Employment; Termination.

(a) At-Will Employment; Notice of Resignation. This Agreement shall not be construed as an agreement, either express or implied, to employ you for any stated term, and shall in no way alter the Company’s policy of employment at-will, under which both the Company and you remain free to end the employment relationship for any reason, at any time, with or without cause or notice. Although your job duties, title, compensation and benefits, as well as the Company’s personnel policies and procedures, may change from time to time, the “at-will” nature of your employment may only be changed by a written agreement signed by you and an executive officer of the Company, which expressly states the intention to modify the at-will nature of your employment. Similarly, nothing in this Agreement shall be construed as an agreement, either express or implied, to pay you any compensation or grant you any benefit beyond the end of your employment with the Company, except as otherwise explicitly set forth herein.

(b) Termination Payment. In the event your employment with the Company ever terminates, on your last day of employment, you will receive your accrued but unpaid base salary and all accrued but unused paid time off through the last day of your employment, in accordance with the Company’s then-current payroll policies and practices (the “Termination Payment”).

(c) Termination Without Cause or Resignation For Good Reason Prior to a Change in Control or More Than 12 Months Following a Change in Control. Without otherwise limiting the “at-will” nature of your employment, in the event your employment is terminated at any time by the Company (or any of its subsidiaries or affiliates, as applicable, or any of their respective successors or assigns) without Cause (as defined below) (excluding by reason of your death and Disability (as defined below)) or by you for Good Reason in each case prior to a Change in Control (as defined below) or more than twelve (12) months following a Change in Control, then, in addition to the Termination Payment, the Company shall provide the following payments and benefits (“Severance Benefits”): (i) continued payment of your base salary at the then-current rate per pay period for a period of nine (9) months following your termination date, in accordance with the Company’s then-current payroll policies and practices; and (ii) provided you timely elect and remain eligible for coverage pursuant to Part 6 of Title I of ERISA, or similar state law (collectively, “COBRA”), payment or reimbursement to you of an amount equal to the full monthly premium for COBRA continuation coverage under the Company’s medical plans as in effect on the date of your termination with respect to the level of coverage in effect for you and your eligible dependents as of the date of your termination, on a monthly basis on the first business day of the calendar month next following the calendar month in which the applicable COBRA premiums were paid, with respect to the period from the date of your termination until the earlier of (x) nine (9) months following such date and (y) the date you become eligible for coverage under a subsequent employer’s medical plan.

(d) Termination Without Cause or Resignation For Good Reason Within 12 Months Following a Change in Control. In the event your employment is terminated at any time by the Company (or any of its subsidiaries or affiliates, as applicable, or any of their respective

successors or assigns) without Cause (excluding by reason of your death and Disability) or by you for Good Reason, in each case on or within twelve (12) months after a Change in Control, then, in addition to the Termination Payment, the Company shall provide the following payments and benefits ("Change in Control Severance Benefits"): (i) continued payment of your base salary at the then-current rate per pay period for a period of twelve (12) months following your termination date, in accordance with the Company's then-current payroll policies and practices; (ii) payment of your Target Bonus for the calendar year during which your date of termination occurs, on the Payment Date; (iii) full vesting of any unvested portion of any equity awards then held by you, which shall no longer be subject to any restrictions or forfeiture, and full exercisability with respect to stock options and similar awards; and (iv) provided you timely elect and remain eligible for coverage pursuant to COBRA, payment or reimbursement to you of an amount equal to the full monthly premium for COBRA continuation coverage under the Company's medical plans as in effect on the date of your termination with respect to the level of coverage in effect for you and your eligible dependents as of the date of your termination, on a monthly basis on the first business day of the calendar month next following the calendar month in which the applicable COBRA premiums were paid, with respect to the period from the date of your termination until the earlier of (x) twelve (12) months following such date and (y) the date you become eligible for coverage under a subsequent employer's medical plan. Notwithstanding anything to the contrary and for the avoidance of doubt, any Change in Control Severance Benefits paid to you shall be instead of, and not in addition to, any Severance Benefits that may be paid to you.

(e) Death or Disability. In the event your employment is terminated at any time by the Company (or any of its subsidiaries or affiliates, as applicable, or any of their respective successors or assigns) by reason of your death or Disability, then, in addition to the Termination Payment, the Company shall provide that the greater of (i) fifty percent (50%) of the unvested portion of any equity awards then held by you immediately prior to such termination or (ii) the portion of such equity awards that would have otherwise vested in the nine (9) month period following the date of such termination of employment, shall vest and shall no longer be subject to restrictions or forfeiture on the date of such termination ("Qualified Accelerated Vesting").

(f) Release. Notwithstanding anything to the contrary in the foregoing, you will not be entitled to receive any Severance Benefits, Change in Control Severance Benefits or Qualified Accelerated Vesting, as applicable (to the extent applicable, the "Termination Benefits") unless, within sixty (60) days following the date of termination, you, or in the event of your death or Disability, your legal representatives, have executed a general release of all known and unknown claims and covenant not to sue in the form attached hereto as Exhibit A (with such changes to such form to help ensure enforceability under applicable law) (the "Release"), and any revocation period thereunder has lapsed without exercise by you (or your legal representatives) of such revocation right.

(g) Payment Timing. The Termination Benefits shall be paid or provided or shall commence on the first payroll period following the date the Release becomes effective (the "Payment Date") and the first payment shall include all accrued amounts from the date of termination, provided that if the period during which you may deliver the Release required hereunder spans two (2) calendar years, the Payment Date shall be no earlier than January 1 of the second calendar year.

(h) Definitions.

(i) For purposes of this Agreement, “Change in Control” shall have the meaning set forth in the Gossamer Bio, Inc. 2017 Equity Incentive Plan, as in effect on the Effective Date (the “Equity Plan”); *provided, however*, that effective on the date on which the Company’s Registration Statement on Form S-1 filed with respect to the Company’s initial public offering (“IPO”) becomes effective, “Change in Control” shall have the meaning set forth in the equity plan adopted by Parent in connection with the IPO.

(ii) As used herein, “Cause” means: (A) a willful and material act of dishonesty by you in connection with the performance of your duties as an employee of the Company; (B) your conviction of, or plea of guilty or nolo contendere to, a felony, or any crime involving fraud or embezzlement that the Board reasonably determines has had or is reasonably likely to have a materially detrimental effect on the Company’s reputation or business; (C) your gross misconduct in the performance of your duties as an employee of the Company; (D) your willful and material unauthorized use or disclosure of any proprietary information or trade secrets of the Company or any other party to whom you owe an obligation of nondisclosure as a result of your relationship with the Company; (E) your willful and material breach of any obligations under any written agreement or written covenant with the Company; or (F) your continued willful and substantial failure to perform your material employment duties that are lawfully assigned to you in good faith by your reporting superior (other than as a result of your death or Disability) after written notice. Cause shall not exist unless, in any case, you have first received a written notice from the Board that sets forth the factual basis for the Board’s determination as to any behavior or occurrence claimed as Cause and you fail to cure such claimed behavior or occurrence, if curable, to the reasonable satisfaction of a majority of the Board within ten (10) business days after receiving such written notice, in which case your termination date will be the expiration date of the cure period, if any. For purposes of this paragraph, no act or failure to act on your part shall be considered “willful” unless it is done or omitted to be done by you in bad faith and without reasonable belief that the act or failure to act was in the best interest of the Company.

(iii) As used herein, “Good Reason” means the occurrence of one or more of the following, without your written consent: (A) a material reduction in your base salary or target annual bonus; (B) a material diminution of your title, duties, responsibilities or reporting lines; (C) a material change in the principal geographic location at which you must perform services, more than fifty (50) miles from the Company’s head office; (D) a material breach by the Company of this Agreement. Any such event shall not constitute Good Reason unless and until you have provided the Company with written notice thereof no later than sixty (60) days following the initial occurrence of such event and the Company shall have failed to remedy such event (if capable of being remedied) within thirty (30) days of receipt of such notice, and you must terminate your employment with the Company within sixty (60) days after the expiration of such thirty (30)-day remedial period.

(iv) As used herein, “Disability” means a permanent and total disability within the meaning of Section 22(e)(3) of the Code, as it may be amended from time to time.

(i) Section 409A of the Code. Any severance payments to you under this Agreement shall begin only after the date of your “separation from service” within the meaning of Internal Revenue Code Section 409A and the regulations and guidance promulgated thereunder (collectively “Section 409A”) and determined as set forth below, which occurs on or after date of the termination of your employment, and shall be subject to the following provisions:

(i) The intent of the parties is that payments and benefits under this Agreement comply with, or be exempt from Section 409A and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. For purposes of Section 409A, your right to receive any installment payments pursuant to this Agreement will be treated as a right to receive a series of separate and distinct payments. Neither the Company nor you shall have the right to accelerate or defer the delivery of any such payments except to the extent specifically permitted or required by Section 409A.

(ii) If, as of the date of your “separation from service” from the Company, you are not a “specified employee” (within the meaning of Section 409A), then each installment of the severance payments shall be made on the dates and terms set forth in this Agreement.

(iii) If, as of the date of your “separation from service” from the Company, you are a “specified employee” (within the meaning of Section 409A), then:

(A) Each installment of the severance payments that, in accordance with the dates and terms set forth in this Agreement, will in all circumstances, regardless of when the “separation from service” occurs, be paid within the short-term deferral period (as defined in Section 409A) shall be treated as a “short-term deferral” within the meaning of Treasury Regulation Section 1.409A-1(b)(4) to the maximum extent permissible under Section 409A and shall be paid on the dates and terms set forth in this Agreement; and

(B) Each installment of the severance payments that is not described in clause (iii)(A) above and that would, absent this clause (B), be paid within the six-month period following your “separation from service” from the Company shall not be paid until the date that is six (6) months and one (1) day after such “separation from service” (or, if earlier, your death), with any such installments that are required to be delayed being accumulated during the six-month period and paid in a lump sum on the date that is six (6) months and one (1) day following your “separation from service” and any subsequent installments, if any, being paid in accordance with the dates and terms set forth in this Agreement; *provided, however*, that the preceding provisions of this clause (B) shall not apply to any installment of severance payments if and to the maximum extent that that such installment is deemed to be paid under a separation pay plan that does not provide for a deferral of compensation by reason of the application of Treasury Regulation 1.409A-1(b)(9)(iii) (relating to separation pay upon an involuntary separation from service). Any installments that qualify for the exception under Treasury Regulation Section 1.409A-1(b)(9)(iii) must be paid no later than the last day of your second taxable year following the taxable year in which the “separation from service” occurs.

(iv) The determination of whether and when your “separation from service” from the Company has occurred shall be made in a manner consistent with, and based on the presumptions set forth in, Treasury Regulation Section 1.409A-1(h). Solely for purposes of this paragraph (iv), “Company” shall include all persons with whom the Company would be considered a single employer under Section 414(b) and 414(c) of the Code.

(v) All reimbursements and in-kind benefits provided under the Agreement shall be made or provided in accordance with the requirements of Section 409A to the extent that such reimbursements or in-kind benefits are subject to Section 409A, including, where applicable, the requirements that (A) any reimbursement is for expenses incurred during your lifetime (or during a shorter period of time specified in this Agreement), (B) the amount of

expenses eligible for reimbursement during a calendar year may not affect the expenses eligible for reimbursement in any other calendar year, (C) the reimbursement of any eligible expense will be made on or before the last day of the calendar year following the year in which the expense is incurred, and (D) the right to reimbursement is not subject to set off or liquidation or exchange for any other benefit.

(vi) Notwithstanding any other provision of this Agreement, the Company makes no representation or warranty and shall have no liability to you or to any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A but do not satisfy an exemption from, or the conditions of, that section. If either you or the Company reasonably determines that any payment to you will violate Section 409A, you and the Company agree to use reasonable best efforts to restructure the payment in a manner that is either exempt from or compliant with Section 409A to the extent that the restructuring is consistent with the original economic intent of the parties. You and the Company agree to execute any and all amendments to this Agreement (or any other applicable agreement) that are consistent with the original economic intent of the parties and promote compliance with the distribution provisions of Section 409A in an effort to avoid or minimize, to the extent allowable by law, the tax (and any interest or penalties thereon) associated with Section 409A. If it is determined that a payment to you was (or may be) made in violation of Section 409A, the Company will cooperate, to the extent commercially reasonable, with any effort by you to mitigate the tax consequences of such violation, including cooperation with your participation in any IRS voluntary compliance program or other correction procedure under Section 409A that may be available to you; *provided*, that such correction is consistent with the commercial intent of the parties hereunder; *provided, further*, that in no event shall the Company be obligated to incur any material cost in connection with its obligations under this sentence.

(vii) Notwithstanding the foregoing, if a Change in Control would give rise to a payment or settlement event with respect to any payment or benefit that constitutes “nonqualified deferred compensation,” the transaction or event constituting the Change in Control must also constitute a “change in control event” (as defined in Treasury Regulation §1.409A-3(i)(5)) in order to give rise to the payment or settlement event for such payment or benefit, to the extent required by Section 409A.

#### 4. Section 280G of the Code.

(a) Best Pay Provision. Notwithstanding anything to the contrary contained in this Agreement, to the extent that any of the payments and benefits provided for under this Agreement or any other agreement or arrangement between the Company and you (collectively, the “Payments”) (i) constitute a “parachute payment” within the meaning of Section 280G of the Code and (ii) but for this paragraph, would be subject to the excise tax imposed by Section 4999 of the Code, then the Payments shall be reduced to the extent necessary so that no portion of such Payments retained by you shall be subject to excise tax under Section 4999 of the Code; *provided, however*, such reduction shall only occur if after taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999 of the Code, such reduction results in your receipt on an after-tax basis, of the greatest amount of benefits under this Agreement, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code; *provided, further*, that this sentence shall not apply if, immediately before the change in ownership or control on which such Payment is contingent or otherwise relates, no stock in the Company is readily tradeable on an established securities market or otherwise (as determined in accordance with Treasury Reg. Section 1.280G-1 Q&A 6). In the event of a determination that



such reduction is to take place, reduction shall occur in the following order: first, reduction of cash payments, which shall occur in reverse chronological order such that the cash payment owed on the latest date following the occurrence of the event triggering such excise tax will be the first cash payment to be reduced; second, cancellation of accelerated vesting of equity awards, which shall occur in the reverse order of the date of grant for such stock awards (i.e., the vesting of the most recently granted stock awards will be reduced first); and third, reduction of employee benefits, which shall occur in reverse chronological order such that the benefit owed on the latest date following the occurrence of the event triggering such excise tax will be the first benefit to be reduced. If two or more equity awards are granted on the same date, each award will be reduced on a pro-rata basis.

(b) Stockholder Approval. Notwithstanding the foregoing, if any Payments would not be subject to such excise tax if the stockholder approval requirements of Section 280G(b)(5) of the Code are satisfied, subject to your waiver of the rights to such Payments in accordance with Section 280G of the Code with respect to any portion of the Payments that would otherwise be subject to excise tax imposed by Section 4999 of the Code (before giving effect to any reduction in Payments contemplated in the two preceding sentences), the Company shall use its reasonable best efforts to cause such payments to be submitted for such approval prior to the event giving rise to such payments. To the extent the Company submits any payment or benefit payable to you under this Agreement or otherwise to the Company's stockholders for approval in accordance with Treasury Reg. Section 1.280G-1 Q&A 7, the foregoing provisions shall not apply following such submission and such payments and benefits will be treated in accordance with the results of such vote, except that any reduction in, or waiver of, such payments or benefits required by such vote will be applied without any application of discretion by you and in the order prescribed in the preceding paragraph. In no event shall you have any discretion with respect to the ordering of payment reductions.

(c) Calculations. Unless you and the Company otherwise agree in writing, any determination required under this paragraph shall be made in writing by the Company's independent public accountants immediately preceding the change in ownership or control on which such Payments are contingent or otherwise relate (the "Accountants"), whose determination shall be conclusive and binding upon you and the Company for all purposes. For purposes of making the calculations required by this Section 4, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely in reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and you shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this paragraph. The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this paragraph. If the limitation set forth in Section 4(a) is applied to reduce an amount payable to you, and the Internal Revenue Service successfully asserts that, despite the reduction, you have nonetheless received payments which are in excess of the maximum amount that could have been paid to you without being subjected to any excise tax, then, unless it would be unlawful for the Company to make such a loan or similar extension of credit to you, you may repay such excess amount to the Company as though such amount constitutes a loan to you made at the date of payment of such excess amount, bearing interest at 120% of the applicable federal rate (as determined under Section 1274(d) of the Code in respect of such loan).

5. Restrictive Covenants.

(a) No Other Agreements. You represent that you are not bound by any employment contract, restrictive covenant or other restriction preventing you from entering into employment with or carrying out your responsibilities for the Company, or which is in any way inconsistent with the terms of this Agreement.

(b) PIIA. You have previously executed the Company's Proprietary Information and Inventions Assignment Agreement, which is attached hereto as Exhibit B ("PIIA"), and you hereby reaffirm your agreements and obligations thereunder.

(c) Defend Trade Secrets Act Notice of Immunity Rights. You acknowledge that the Company has provided you with the following notice of immunity rights in compliance with the requirements of the Defend Trade Secrets Act: (i) you shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of Proprietary Information (as defined in the PIIA) that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law; (ii) you shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of Proprietary Information that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; and (iii) if you file a lawsuit for retaliation by the Company for reporting a suspected violation of law, you may disclose the Proprietary Information to your attorney and use the Proprietary Information in the court proceeding, if you file any document containing the Proprietary Information under seal, and do not disclose the Proprietary Information, except pursuant to court order.

6. Notices. All notices or other communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given when delivered personally or one (1) business day after being sent by a nationally recognized overnight delivery service, charges prepaid. Notices also may be given electronically via PDF and shall be effective on the date transmitted if confirmed within 48 hours thereafter by a signed original sent in the manner provided in the preceding sentence. Notice to you shall be sent to your most recent residence and personal email address on file with the Company. Notice to the Company shall be sent to its physical address set forth on the first page hereto and addressed to the Chairperson of the Board at the email address provided by the Company for such person.

7. Entire Agreement; Miscellaneous. This Agreement, together with any documents relating to the Company equity held by you, any stock grant notices or stock agreements referenced herein and the PIIA, constitutes the entire agreement and understanding between the parties as to the subject matter herein and supersedes all prior or contemporaneous agreements whether written or oral. The terms of this Agreement may only be modified in a specific writing signed by you and an authorized representative of the Company. The invalidity or unenforceability of any provision or provisions of this Agreement will not affect the validity or enforceability of any other provision hereof, which will remain in full force and effect. The terms in this Agreement may only be modified in writing and signed by you and an executive officer of the Company. In the event of any conflict between any of the terms in this Agreement and the terms of any other agreement between you and the Company, the terms of this Agreement will control. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one instrument. Execution and delivery of this Agreement by facsimile or other electronic signature is legal, valid and binding for all purposes. This Agreement is intended to bind and inure to the benefit of and be enforceable by you and the Company, and their respective successors, assigns, heirs, executors and administrators, except that you may not assign any of your duties hereunder and you may not assign any of your rights hereunder, without the written consent of the Company, which shall not be withheld unreasonably.

8. Governing Law. Your employment and this Agreement will be governed by the laws of the State of California, without reference to conflicts of laws principles which would result in the application of the law of any other jurisdiction.

9. Arbitration. To aid in the rapid and economical resolution of any disputes that may arise in the course of the employment relationship, you and the Company agree that any and all disputes, claims, or demands in any way arising out of or relating to the terms of this Agreement, Company equity held by you, your employment relationship with the Company, or the termination of your employment relationship with the Company, shall be resolved, to the fullest extent permitted by law, by final, binding and confidential arbitration in San Diego, California, conducted before a single neutral arbitrator selected and administered in accordance with the employment arbitration rules & procedures or then applicable equivalent rules of JAMS (the "JAMS Rules") and the Federal Arbitration Act, 9 U.S.C. Sec. 1, et seq. A copy of the JAMS rules may be found on the JAMS website at [www.jamsadr.com](http://www.jamsadr.com) and will be provided to you by the Company upon request. BY AGREEING TO THIS ARBITRATION PROCEDURE, YOU AND THE COMPANY WAIVE THE RIGHT TO RESOLVE ANY SUCH DISPUTE, CLAIM OR DEMAND THROUGH A TRIAL BY JURY OR JUDGE OR BY ADMINISTRATIVE PROCEEDING IN ANY JURISDICTION. You will have the right to be represented by legal counsel at any arbitration proceeding, at your expense. The arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be available under applicable law in a court proceeding and (b) issue a written statement signed by the arbitrator regarding the disposition of each claim and the relief, if any, awarded as to each claim, the reasons for the award, and the arbitrator's essential findings and conclusions on which the award is based. The arbitrator shall administer and conduct any arbitration in accordance with California law and shall apply substantive and procedural California law to any such dispute, claim or demand, without reference to any conflict-of-law provisions of any jurisdiction. To the extent that the JAMS Rules conflict with California law, California law shall take precedence. The parties agree that the prevailing party in any arbitration shall be entitled to injunctive relief in any court of competent jurisdiction to enforce the arbitration award. Nothing in this Agreement is intended to prevent either you or the Company from obtaining injunctive relief (or any other provisional remedy) in any court of competent jurisdiction pursuant to California Code of Civil Procedure Section 1281.8 to prevent irreparable harm (including, without limitation, pending the conclusion of any arbitration). The Company shall pay the arbitrator's fees, arbitration expenses and any other costs unique to the arbitration proceeding (recognizing that each side shall bear its own deposition, witness, expert and attorney's fees and other expenses to the same extent as if the matter were being heard in court).

10. Withholding and other Deductions. All compensation payable to you hereunder shall be subject to such deductions as the Company is from time to time required to make pursuant to law, governmental regulation or order.

Very truly yours,

Gossamer Bio, Inc.

By: /s/ Sheila Gujrathi, M.D.  
Name: Sheila Gujrathi, M.D.  
Title: Chief Executive Officer and President

Gossamer Bio Services, Inc.

By: /s/ Sheila Gujrathi, M.D.  
Name: Sheila Gujrathi, M.D.  
Title: Chief Executive Officer and President

Agreed and Accepted:

I have read and understood this Agreement and hereby acknowledge, accept and agree to the terms as set forth above.

/s/ Dr. Luisa Salter-Cid  
Dr. Luisa Salter-Cid

Date: December 4, 2018

- Rollover PTO.** I want to rollover my accrued, unused paid time off, and to have it available for use with the Company following the transfer of my employment.
- No Rollover.** I do not want to rollover my accrued, unused paid time off, and understand that I will receive a payout of my accrued, unused paid time off and I will not have any paid time off available immediately following the transfer of my employment to the Company.

Exhibit A

**Form of Release**

In consideration of the Termination Benefits (as defined in the Agreement) provided and to be provided to me by Gossamer Bio, Inc., or any affiliate or successor thereof (the "Company") pursuant to my Agreement with Company dated December 4, 2018 (the "Agreement"), and in connection with the termination of my employment, the Company and I agree to the following, including a general release as specified below (the "Release").

1. On behalf of myself, my heirs, executors, administrators, successors and assigns, I hereby fully and forever generally release and discharge Company, its current, former and future parents, subsidiaries, affiliated companies, related entities, employee benefit plans and their fiduciaries, predecessors, successors, officers, directors, shareholders, agents, employees and assigns (collectively, the "Company Releasees") from any and all claims, causes of action, and liabilities up through the date of my execution of the Release (except with respect to Termination Benefits under the Agreement and any other rights that I have accrued under the employee benefit plans and equity award plans of the Company). The claims subject to this release include, but are not limited to, those relating to my employment with Company and/or any predecessor to the Company and the termination of such employment. All such claims (including related attorneys' fees and costs) are barred without regard to whether those claims are based on any alleged breach of a duty arising in statute, contract or tort. This expressly includes waiver and release of any rights and claims arising under any and all laws, rules, regulations and ordinances, including, but not limited to: Title VII of the Civil Rights Act of 1964; the Older Workers Benefit Protection Act; the Americans With Disabilities Act; the Age Discrimination in Employment Act; the Fair Labor Standards Act; the National Labor Relations Act; the Family and Medical Leave Act; the Employee Retirement Income Security Act of 1974, as amended ("ERISA"); the Workers Adjustment and Retraining Notification Act; the California Fair Employment and Housing Act (if applicable); the provisions of the California Labor Code (if applicable); the Equal Pay Act of 1963; and any similar law of any other state or governmental entity.

2. The parties agree to apply California law in interpreting the Release. Accordingly, I further waive any rights under Section 1542 of the Civil Code of the State of California or any similar state statute. Section 1542 states:

**"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which, if known to him or her, must have materially affected his or her settlement with the debtor."**

This Release does not extend to, and has no effect upon, (a) any benefits that have previously accrued, and to which I have become vested or otherwise entitled to, under any agreement, employee benefit plan, program or policy sponsored or maintained by the Company; (b) my right to indemnification and/or contribution, advancement or payment of related expenses by the Company under any written indemnification or other agreement between the parties; (c) my right to continued coverage by the Company's director's and officer's insurance, other insurance policies of the Company, COBRA or any similar state law; (d) any claims for breach of this Release or the Agreement; (e) any claims that may not be released by private agreement; and (f) any claims arising after the date I sign the Release.

3. In understanding the terms of the Release and my rights, I have been advised to consult with an attorney of my choice prior to executing the Release. I understand that nothing in the Release will prohibit me from exercising legal rights that are, as a matter of law, not subject to waiver, such as: (a) my rights under applicable workers' compensation laws; (b) my right, if any, to seek state disability or unemployment benefits; (c) my right to indemnity under California Labor Code section 2802 or other applicable state-law right to indemnity; (d) my right to file a charge or complaint with a government agency such as but not limited to the Equal Employment Opportunity Commission, the National Labor Relations Board, the Department of Labor, the California Department of Fair Employment and Housing, or other applicable state agency; and (e) my right to communicate or cooperate with any governmental agency and to receive awards from or by a government agency for providing information. Moreover, I will continue to be indemnified for my actions taken while employed by the Company to the same extent as other then-current or former directors and officers of the Company under the Company's Certificate of Incorporation and Bylaws and the Indemnification Agreement between me and the Company, if any, and I will continue to be covered by the Company's directors and officers liability insurance policy as in effect from time to time to the same extent as are other then-current or former directors and officers of the Company, each subject to the requirements of the laws of the State of Delaware.

4. I understand and agree that Company will not provide me with the Termination Benefits unless I execute the Release. I also understand that I have received or will receive, regardless of the execution of the Release, all wages owed to me together with any accrued but unused paid time off, less applicable withholdings and deductions, earned through my termination date.

5. In my existing and continuing obligations to Company, I have returned to Company all Company documents (and all copies thereof) and other Company property that I have had in my possession at any time, including but not limited to Company files, notes, drawings, records, business plans and forecasts, financial information, specification, computer-recorded information, tangible property (including, but not limited to, computers, laptops, pagers, etc.), credit cards, entry cards, identification badges and keys and any materials of any kind which contain or embody any proprietary or confidential information of Company (and all reproductions thereof). I understand that, even if I did not sign the Release, I am still bound by any and all confidential/proprietary/trade secret information, non-disclosure and inventions assignment agreement(s) signed by me in connection with my employment with Company, or with a predecessor or successor of Company pursuant to the terms of such agreement(s).

6. I represent and warrant that I am the sole owner of all claims relating to my employment with Company and/or with any predecessor of Company and that I have not assigned or transferred any claims relating to my employment to any other person or entity.

7. I agree to keep the Termination Benefits and the provisions of the Release confidential and not to reveal its contents to anyone except my lawyer, my accountant, my spouse or other immediate family member and/or my financial consultant, or as required by legal process or applicable law or otherwise responding accurately and fully to any question, inquiry or request for information or documents, including, without limitation, in any criminal, civil, or regulatory proceeding or investigation, or as necessary in any action for enforcement or claimed breach of this Release or any other legal dispute with the Company. Nothing in this Agreement shall prohibit me from reporting or disclosing information under the terms of the Company's Reporting Suspected Violations of Law Policy or such similar policy as the Company may have in effect from time to time.

8. I understand and agree that the Release will not be construed at any time as an admission of liability or wrongdoing by either the Company Releasees or me.

9. I agree that I will not make any negative or disparaging statements or comments, either as fact or as opinion, about the Company, its employees, officers, directors, shareholders, vendors, products or services, business, technologies, market position or performance. The Company agrees that it shall not, and shall cause its directors, executive officers, employees and representatives not to, make any negative or disparaging statements or comments, either as fact or as opinion, about you. Nothing in this paragraph will prohibit me or the Company from providing truthful information in response to a subpoena or other legal process.

10. Any controversy or claim arising out of or relating this Release, its enforcement or interpretation, or because of an alleged breach, default or misrepresentation in connection with any of its provisions, will be submitted to arbitration consistent with the terms of the Agreement.

11. As a condition of my receipt of the Termination Benefits, I agree that, upon reasonable notice (after taking into account, to the extent reasonably practicable, my other personal and business commitments) and without the necessity of Company obtaining a subpoena or court order, I will provide reasonable cooperation to Company in connection with any suit, action or proceeding (or any appeal from any suit, action or proceeding), or the decision to commence on behalf of the Company any suit, action or proceeding, any investigation and/or any defense of any claims asserted against the Company or any of the Company's current or former directors, officers, employees, partners, stockholders, agents or representatives of any of the foregoing, and any ongoing or future investigation or dispute or claim of any kind involving the Company that relates to events occurring during my employment as to which I may have relevant information and any other matter for which I was responsible or had knowledge of through date of my termination of employment. Such cooperation may include, but will not be limited to, providing background information within my knowledge; aiding in the drafting of declarations; executing declarations or similar documents; testifying or otherwise appearing at investigation interviews, depositions, arbitrations or court hearings; and preparing for the above-described or similar activities. Upon the reasonable request of Company, I agree to cooperate with the transition of my job responsibilities on any termination of employment and cooperate in providing information on matters on which I was involved while an employee.

12. As provided in the Older Workers Benefit Protection Act, I am hereby advised and agree that:

(a) I have had at least twenty-one (21) calendar days in which to consider whether to execute the Release, no one hurried me into executing the Release during that period and no one coerced me into executing the Release. If I signed this Release prior to the expiration of the twenty-one (21) day period, I did so voluntarily and waive the balance of the twenty-one (21) day period. I understand that the offer of the Termination Benefits and the Release will expire on the twenty-second (22nd) calendar day after my employment termination date if I have not accepted it by that time.

(b) I am hereby advised to consult with a lawyer before signing this Agreement.

(c) This Release provides for consideration in addition to any amount I am otherwise entitled to receive without signing this Release.

(d) This Release does not release any claims arising out of events occurring after I sign this Release

(e) I may revoke this Agreement within the seven (7) day period following the date on which I signed this Release. I understand that if I revoke this release, the Company will not be obligated to provide the Termination Benefits. I further understand that Company's obligations under the Release will not become effective or enforceable until the eighth (8th) calendar day after the date I sign the Release provided that I have timely delivered it to Company (the "Release Effective Date") and have not timely revoked it. I understand that the Termination Benefits will become available to me at such time after the Release Effective Date.

13. In executing the Release, I acknowledge that I have not relied upon any statement made by Company, or any of its representatives or employees, with regard to the Release unless the representation is specifically included herein. Furthermore, the Release contains our entire understanding regarding eligibility for Termination Benefits and supersedes any or all prior representations and agreements regarding the subject matter of the Release. However, the Release does not modify, amend or supersede written Company agreements that are consistent with enforceable provisions of the Release such as my Agreement, confidential information and invention assignment agreement, and any stock, stock option and/or stock purchase agreements between Company and me. Once effective and enforceable, this Release can be changed only by another written agreement signed by me and an authorized representative of Company.

14. Should any provision of the Release be determined by an arbitrator, court of competent jurisdiction or government agency to be wholly or partially invalid or unenforceable, the legality, validity and enforceability of the remaining parts, terms or provisions are intended to remain in full force and effect. Specifically, should a court, arbitrator or agency conclude that a particular claim may not be released as a matter of law, it is the intention of the parties that the general release and the waiver of unknown claims above will otherwise remain effective to release any and all other claims. I acknowledge that I have obtained sufficient information to intelligently exercise my own judgment regarding the terms of the Release before executing the Release.

15. The Termination Benefits provided and to be provided to me by the Company consist of the applicable benefits and payments in accordance with the Agreement.

16. The Release may be executed in any number of counterparts, all of which taken together shall constitute one instrument. Execution and delivery of the Release by facsimile or other electronic signature is legal, valid and binding for all purposes.

17. The Release will be governed by and enforced under California law, without regard to its conflict of law rules that would result in the application of the laws of any other jurisdiction.

[Signature page follows]



EMPLOYEE'S ACCEPTANCE OF RELEASE

BEFORE SIGNING MY NAME TO THE RELEASE, I STATE THE FOLLOWING: I HAVE READ THE RELEASE, I UNDERSTAND IT AND I KNOW THAT I AM GIVING UP IMPORTANT RIGHTS. I HAVE OBTAINED SUFFICIENT INFORMATION TO INTELLIGENTLY EXERCISE MY OWN JUDGMENT. I HAVE BEEN ADVISED THAT I SHOULD CONSULT WITH AN ATTORNEY BEFORE SIGNING IT, AND I HAVE SIGNED THE RELEASE KNOWINGLY AND VOLUNTARILY.

EFFECTIVE UPON EXECUTION BY EMPLOYEE AND THE COMPANY.

Executed this    day of                    , 20

\_\_\_\_\_

Agreed and Accepted:

Gossamer Bio, Inc.

\_\_\_\_\_

By:

Title:

Date:

Gossamer Bio Services, Inc.

\_\_\_\_\_

By:

Title:

Date:

**Proprietary Information and Inventions Assignment Agreement**

**PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT**

The following confirms an agreement (“**Agreement**”) between you and **GOSSAMER BIO SERVICES, INC.**, a Delaware corporation (the “**Company**,” which term includes the Company’s parent, Gossamer Bio, Inc. (“**Parent**”), Parent’s subsidiaries, and any other entity in which I am asked to provide services for, and each of their respective successors and assigns), which is a material part of the consideration for my employment and continued employment by the Company:

1. **PROPRIETARY INFORMATION.** I understand that my employment creates a relationship of confidence and trust between me and the Company with respect to Proprietary Information of the Company, its business partners or its customers or suppliers which may be learned by me during the period of my employment or any period prior thereto wherein I was performing services for the Company or any predecessor thereof. For purposes of this Agreement, “**Proprietary Information**” is any information, data, trade secret or know-how (whether in tangible or electronic form or maintained in mind or memory or in another intangible form of expression) that was or is developed by, or became or becomes known by the Company or me in relation to my employment with the Company or otherwise concerns the business, operations, products, or technology of the Company, or was or is assigned or otherwise conveyed to the Company. “Proprietary Information” also includes, without limitation, all financial, business, scientific, technical, economic and/or engineering information, including without limitation, business strategies, business plans, forecasts, strategies, development plans, promotional and marketing objectives, results of research, trials or operations, pricing, customer lists, supplier lists, patent disclosures, patent applications, know-how, trade secrets, compilations, ideas, inventions, improvements, research, discoveries, techniques, methods, processes, manufacturing techniques, procedures, formulations, designs, patterns, drawings, flow charts, schematics, tooling, plans, configurations, specifications, documents, data sheets, mock-ups, models, compounds, compositions, structures, prototypes, programs, computer code, algorithms, mechanisms, materials, equipment, samples, test results, opinions, data, analysis, the salaries, duties, qualifications, performance levels, and terms of compensation of other employees and other proprietary information. Proprietary Information does not include any of the foregoing items that is or has become publicly and widely known and made generally available through no wrongful act of mine or of others who were under confidentiality obligations as to the item or items involved.

2. **COVENANTS AND AGREEMENTS.** In consideration of my employment by the Company and the compensation received by me from the Company from time to time, I hereby agree as follows:

(a) **Confidentiality.** At all times, both during my employment by the Company and after its termination, I will keep in confidence and trust and will not use or disclose any Proprietary Information or anything relating to it without the written consent of the Company, except as may be necessary in the ordinary course of performing my duties to the Company.

(b) **Defend Trade Secrets Act Notice of Immunity Rights.** I acknowledge that the Company has provided me with the following notice of immunity rights in compliance with the requirements of the Defend Trade Secrets Act: (i) I shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of Proprietary Information that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law; (ii) I shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of Proprietary Information that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; and (iii) if I file a lawsuit for retaliation by the Company for reporting a suspected violation of law, I may disclose the

Proprietary Information to my attorney and use the Proprietary Information in the court proceeding, if I file any document containing the Proprietary Information under seal, and do not disclose the Proprietary Information, except pursuant to court order.

(c) **Return of Company Documents.** In the event of the termination of my employment by me or by the Company for any reason, I shall return all physical and electronic documents and records and all apparatus, equipment and other property, or any reproduction of such property, whether or not pertaining to Proprietary Information, furnished to me by the Company or produced by myself or others in connection with my employment, to the Company immediately as and when requested by the Company.

(d) **Disclosure of Inventions.** I will promptly disclose to the Company, or any persons designated by it, all Inventions made or conceived or reduced to practice or developed by me, either alone or jointly with others, during the term of my employment or any period prior thereto wherein I was performing services for the Company or any predecessor thereof, in sufficient detail to enable the Company to practice such inventions. “**Inventions**” includes all improvements, inventions, discoveries, formulas, ideas, circuits, mask works, works of authorship, processes, computer programs, algorithms, techniques, schematics, industrial designs, know-how and data, whether or not patentable. I will also disclose to the Company all Inventions conceived, reduced to practice, or developed by me within six (6) months of the termination of my employment with the Company. Such disclosure shall be received by the Company in confidence and does not extend the assignment made in Section 2(e) below.

(e) **Ownership; Assignment of Inventions.** I agree that all Proprietary Information, and all Inventions which I make, conceive, reduce to practice or develop (in whole or in part, either alone or jointly with others) during my employment or any period prior thereto wherein I was performing services for the Company or any predecessor thereof, are and shall be the sole property of the Company to the maximum extent permitted by law. I hereby assign to the Company any and all rights I may have or acquire in such Inventions and/or in any other Proprietary Information of the Company and any and all worldwide patents, patent applications, copyrights, mask work rights, industrial design rights, trade secret rights and other intellectual property rights related thereto or resulting therefrom. The Company’s ownership and my assignment hereunder shall not extend to Inventions that (a) qualify fully under the provisions of Section 2870 of the California Labor Code, a copy of which is attached hereto as Exhibit A, if I am employed in California or (b) I developed entirely on my own time without using the Company’s equipment, supplies, facilities, or trade secret information except for those inventions that either: (1) relate at the time of conception or reduction to practice of the invention to the Company’s business, or actual or demonstrably anticipated research or development of the Company; or (2) result from any work performed by me for the Company.

(f) **Assignment of Moral Rights.** In addition to the foregoing assignment of Inventions to the Company, I hereby irrevocably transfer and assign to the Company any and all “Moral Rights” (as defined below) that I may have in or with respect to any Invention. I also hereby forever waive and agree never to assert any and all Moral Rights I may have in or with respect to any Invention, even after termination of my work on behalf of the Company. “Moral Rights” mean any rights to claim authorship of an invention to object to or prevent the modification of any Invention, or to withdraw from circulation or control the publication or distribution of any Invention, and any similar right, existing under judicial or statutory law of any country in the world, or under any treaty, regardless of whether or not such right is denominated or generally referred to as a “moral right.”

(g) **Work for Hire.** I acknowledge and agree that any copyrightable works prepared by me within the scope of my employment are “works for hire” under the Copyright Act and that the Company will be considered the author and owner of such copyrightable works.

(h) **Prior Inventions.** I have attached as Exhibit B a complete list of all Inventions or improvements that relate to the business of the Company or actual or demonstrably anticipated research or development of the Company, that have been made or conceived or first reduced to practice by me alone or jointly with others prior to my employment by the Company or any period prior thereto wherein I was performing services for the Company or any predecessor thereof that I desire to clarify for the record are not Inventions which are to be assigned to Company under this Agreement, and I covenant that such list is complete. If no such list is attached to this Agreement, I represent that I have no such Inventions and improvements at the time of signing this Agreement. I will not use any prior Inventions in the performance of my duties without the prior express written consent of my supervisor, and if I do (but only if I do), I hereby grant to Company a perpetual, irrevocable, royalty-free, worldwide, full paid-up, transferable, sub-licensable, right and license to use and exploit the same.

(i) **Enforcement of Inventions; Further Actions.** I agree to perform, during and after my employment, all acts deemed necessary or desirable by the Company to permit and assist it, at the Company's expense, in obtaining, maintaining and enforcing patents, copyrights, trade secret rights, rights with respect to mask works or other rights on such Inventions and/or any other Inventions I have or may at any time assign to the Company and any designee of the Company in any and all countries. Such acts may include, but are not limited to, execution of documents and assistance or cooperation in legal proceedings. I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents, as my agents and attorneys-in-fact to act for and in my behalf and instead of me, to execute and file any applications or related filings and to do all other lawfully permitted acts to further the prosecution and issuance of patents, copyrights, trade secret rights, rights with respect to mask works or other rights thereon with the same legal force and effect as if executed by me.

(j) **Records.** I agree to keep and maintain adequate and current records (in the form of notes, sketches, drawings and in any other form that may be required by the Company) of all Proprietary Information developed by me and all Inventions made by me during the period of my employment at the Company, which records shall be available to and remain the sole property of the Company at all times.

(k) **Non-Competition.** During the period of my employment with the Company, without the prior written approval of an executive officer of the Company (or if I am an executive officer of the Company, without the prior approval of the Company's Board of Directors), I will not, either as an employee, employer, consultant, agent, principal, partner or officer, engage or participate in any employment, business or activity that is directly competitive with the business or proposed business of the Company, and will not assist any other person or organization in directly competing with the Company, or in preparing to engage in direct competition with the business or proposed business of the Company. The provisions of this section shall apply both during normal working hours and at all other times, including, without limitation, nights, weekends and vacation time, while I am employed by the Company.

(l) **No Solicitation.** During the term of my employment and for one (1) year thereafter, I will not, either directly or through others, solicit or attempt to solicit any employee, independent contractor or consultant of the Company to terminate his or her relationship with the Company in order to become an employee, consultant or independent contractor to or for any other person or entity, or otherwise encourage or solicit any employee of the Company to leave the Company for any reason or to devote less than all of any such employee's efforts to the affairs of the Company; provided that the foregoing shall not affect any responsibility I may have as an employee of the Company with respect to the bona fide hiring and firing of Company personnel.

(m) **No Conflicting Obligations.** I represent that my performance of all the terms of this Agreement will not breach any agreement or obligation to keep in confidence proprietary information

acquired by me in confidence or in trust prior to my employment with the Company. I have not entered into, and I agree I will not enter into, any agreement either written or oral in conflict with this Agreement or in conflict with my employment with the Company.

(n) **No Improper Use of Information of Prior Employers and Others.** During my employment by the Company, I will not improperly use or disclose any confidential information or trade secrets, if any, of any former employer or any other person to whom I have an obligation of confidentiality, and I will not bring onto the premises of the Company any unpublished documents or any property belonging to any former employer or any other person to whom I have an obligation of confidentiality unless expressly authorized in writing by that former employer or person. Unless disclosed on Exhibit B hereto, I will use in the performance of my duties only information which is generally known and used by persons with training and experience comparable to my own, which is common knowledge in the industry or otherwise legally in the public domain, or which is otherwise provided or developed by the Company.

(o) **Notification of New Employer.** In the event that I leave the employ of the Company, I hereby consent to the notification of my new employer of my rights and obligations under this Agreement.

### 3. GENERAL PROVISIONS.

(a) **Employment.** I agree and understand that my employment with the Company constitutes "AT-WILL" employment and that nothing in this Agreement shall confer any right with respect to continuation of employment by the Company, nor shall it interfere in any way with my right or the Company's right to terminate my employment at any time, with or without cause.

(b) **Successors and Assigns.** This Agreement shall be effective as of the first day of my employment by the Company, and shall be binding upon me, my heirs, executors, assigns, and administrators and shall inure to the benefit of the Company, its subsidiaries, successors and assigns. I will not assign this Agreement or my obligations hereunder without the prior written consent of the Company, which consent may be withheld in the Company's sole discretion, and any such purported assignment without consent shall be null and void.

(c) **Survival.** The provisions of this Agreement shall survive the termination of my employment and the assignment of this Agreement by the Company to any successor in interest or other assignee.

(d) **Legal and Equitable Remedies.** Because my services are personal and unique and because I may have access to and become acquainted with the Proprietary Information of the Company, the Company shall have the right to enforce this Agreement and any of its provisions by injunction, specific performance or other equitable relief, without bond and without prejudice to any other rights and remedies that the Company may have for a breach of this Agreement.

(e) **Severability.** If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provisions shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provisions were so excluded and shall be enforceable in accordance with its terms.

(f) **Titles.** The titles and headings appearing at the beginning of the numbered sections and at the beginning of paragraphs have been inserted for convenience only and do not constitute any part of this Agreement.

(g) **Governing Law; Consent to Personal Jurisdiction.** I understand and agree that this Agreement shall be interpreted and enforced in accordance with the laws of the State of California without regard to the conflict of laws provisions thereof. I hereby expressly consent to the personal jurisdiction of the state and federal courts located in San Diego County, California for any lawsuit filed there against me by Company arising from or related to this Agreement.

(h) **Entire Agreement; Amendment.** This Agreement and the Exhibits hereto contain the entire understanding between the parties relating to the subject matter hereof and supersede any and all prior agreements, understandings and arrangements, whether written or oral, between the parties relating to such subject matter hereof. This Agreement may only be amended in writing by the Company and me and our respective permitted successors and assigns.

(i) **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall be deemed one instrument.

*[Signature Page Follows]*

Dated: 8/7/2018

/s/ Dr. Luisa Salter-Cid  
Name: Dr. Luisa Salter-Cid

Accepted and Agreed to:

**GOSSAMER BIO SERVICES, INC.**

By: /s/ Christian Waage  
Name: Christian Waage  
Title: EVP & General Counsel

SIGNATURE PAGE TO PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT



**EXHIBIT A**

§2870. Application of provision providing that employee shall assign or offer to assign rights in invention to employer.

(a) Any provisions in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either: (1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or (2) Result from any work performed by the employee for the employer.

(b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

**EXHIBIT B**

**GOSSAMER BIO SERVICES, INC.**

Ladies and Gentlemen:

1. The following is a complete list of all inventions or improvements that relate to the business of **GOSSAMER BIO SERVICES, INC.** (the “**Company**”) or actual or demonstrably anticipated research or development of the Company, that have been made or conceived or first reduced to practice by me alone or jointly with others prior to my employment by the Company or any period prior thereto wherein I was performing services for the Company or any predecessor thereof that I desire to clarify for the record are not Inventions which are to be assigned to Company under the Company’s Proprietary Information and Inventions Agreement.

No inventions or improvements.

See below:

<u>Invention Description</u>	<u>Patent No.</u>	<u>Date of Issue</u>
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Additional sheets attached.

2. I propose to bring to my employment the following materials and documents of a former employer (provide copies of express written authorizations by former employer, if applicable):

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No materials or documents.

/s/ Dr. Luisa Salter-Cid  
\_\_\_\_\_  
Print Name: Dr. Luisa Salter-Cid

**INDEMNIFICATION AGREEMENT**

This Indemnification Agreement (“Agreement”) is made as of \_\_\_\_\_, 20\_\_\_\_ by and between Gossamer Bio, Inc., a Delaware corporation (the “Company”), and \_\_\_\_\_, [a member of the Board of Directors/ an officer] of the Company (“Indemnitee”). This Agreement supersedes and replaces any and all previous Agreements between the Company and Indemnitee covering indemnification and advancement.

**RECITALS**

WHEREAS, the Board of Directors of the Company (the “Board”) believes that highly competent persons have become more reluctant to serve publicly-held corporations as directors, officers, or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification and advancement of expenses against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation;

WHEREAS, the Board has determined that, in order to attract and retain qualified individuals, the Company will attempt to maintain on an ongoing basis, at its sole expense, liability insurance to protect persons serving the Company and its subsidiaries from certain liabilities. Although the furnishing of such insurance has been a customary and widespread practice among United States-based corporations and other business enterprises, the Company believes that, given current market conditions and trends, such insurance may be available to it in the future only at higher premiums and with more exclusions. At the same time, directors, officers, and other persons in service to corporations or business enterprises are being increasingly subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the Company or business enterprise itself. The Bylaws and Certificate of Incorporation of the Company require indemnification of the officers and directors of the Company. Indemnitee may also be entitled to indemnification pursuant to the General Corporation Law of the State of Delaware (the “DGCL”). The Bylaws, Certificate of Incorporation, and the DGCL expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and members of the board of directors, officers and other persons with respect to indemnification and advancement of expenses;

WHEREAS, the uncertainties relating to such insurance, to indemnification, and to advancement of expenses may increase the difficulty of attracting and retaining such persons;

WHEREAS, the Board has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Company and its stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified;

WHEREAS, this Agreement is a supplement to and in furtherance of the Bylaws, Certificate of Incorporation and any resolutions adopted pursuant thereto, and is not a substitute therefor, nor diminishes or abrogates any rights of Indemnitee thereunder; and

WHEREAS, Indemnitee does not regard the protection available under the Bylaws, Certificate of Incorporation, DGCL and insurance as adequate in the present circumstances, and may not be willing to serve or continue to serve as an officer or director without adequate additional protection, and the Company desires Indemnitee to serve or continue to serve in such capacity. Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that Indemnitee be so indemnified and be advanced expenses.

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Section 1. Services to the Company. Indemnitee agrees to serve as a [director/officer] of the Company. Indemnitee may at any time and for any reason resign from such position (subject to any other contractual obligation or any obligation imposed by operation of law). This Agreement does not create any obligation on the Company to continue Indemnitee in such position and is not an employment contract between the Company (or any of its subsidiaries or any Enterprise) and Indemnitee.

Section 2. Definitions. As used in this Agreement:

(a) "Agent" means any person who is authorized by the Company or an Enterprise to act for or represent the interests of the Company or an Enterprise, respectively.

(b) A "Change in Control" occurs upon the earliest to occur after the date of this Agreement of any of the following events:

i. Acquisition of Stock by Third Party. Any Person (as defined below) is or becomes the Beneficial Owner (as defined below), directly or indirectly, of securities of the Company representing fifteen percent (15%) or more of the combined voting power of the Company's then outstanding securities unless the change in relative beneficial ownership of the Company's securities by any Person results solely from a reduction in the aggregate number of outstanding shares of securities entitled to vote generally in the election of directors;

ii. Change in Board of Directors. During any period of two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in Sections 2(b)(i), 2(b)(iii) or 2(b)(iv)) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the members of the Board;

iii. Corporate Transactions. The effective date of a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 51% of the combined voting power of the voting securities of the surviving entity outstanding immediately after such merger or consolidation and with the power to elect at least a majority of the board of directors or other governing body of such surviving entity;

iv. Liquidation. The approval by the stockholders of the Company of a complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets; and

v. Other Events. There occurs any other event of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or a response to any similar item on any similar schedule or form) promulgated under the Exchange Act (as defined below), whether or not the Company is then subject to such reporting requirement.

vi. For purposes of this Section 2(b), the following terms have the following meanings:

- 1 "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time.
- 2 "Person" has the meaning as set forth in Sections 13(d) and 14(d) of the Exchange Act; provided, however, that Person excludes (i) the Company, (ii) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, and (iii) any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.
- 3 "Beneficial Owner" has the meaning given to such term in Rule 13d-3 under the Exchange Act; provided, however, that Beneficial Owner excludes any Person otherwise becoming a Beneficial Owner by reason of the stockholders of the Company approving a merger of the Company with another entity.

(c) "Corporate Status" describes the status of a person who is or was acting as a director, officer, employee, fiduciary, or Agent of the Company or an Enterprise.

(d) "Disinterested Director" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(e) "Enterprise" means any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other entity for which Indemnitee is or was serving at the request of the Company as a director, officer, employee, or Agent.

(f) "Expenses" includes all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts and other professionals, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, any federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, ERISA excise taxes and penalties, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses also include (i) Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent, and (ii) for purposes of Section 14(d) only, Expenses incurred by Indemnitee in connection with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement, by litigation or otherwise. The parties agree that for the purposes of any advancement of Expenses for which Indemnitee has made written demand to the Company in accordance with this Agreement, all Expenses included in such demand that are certified by affidavit of Indemnitee's counsel as being reasonable in the good faith judgment of such counsel will be presumed conclusively to be reasonable. Expenses, however, do not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(g) "Independent Counsel" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning the Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" does not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

(h) "Potential Change in Control" means the occurrence of any of the following events: (i) the Company enters into any written or oral agreement, undertaking or arrangement, the consummation of which would result in the occurrence of a Change in Control; (ii) any Person or the Company publicly announces an intention to take or consider taking actions which if consummated would constitute a Change in Control; (iii) any Person who becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 5% or more of the combined voting power of the Company's then outstanding securities entitled to vote generally in the election of directors increases his beneficial ownership of such securities by 5% or more over the percentage so owned by such Person on the date hereof; or (iv) the Board adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred.

(i) The term “Proceeding” includes any threatened, pending or completed action, suit, claim, counterclaim, cross claim, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative, legislative, or investigative (formal or informal) nature, including any appeal therefrom, in which Indemnitee was, is or will be involved as a party, potential party, non-party witness or otherwise by reason of Indemnitee’s Corporate Status or by reason of any action taken by Indemnitee (or a failure to take action by Indemnitee) or of any action (or failure to act) on Indemnitee’s part while acting pursuant to Indemnitee’s Corporate Status, in each case whether or not serving in such capacity at the time any liability or Expense is incurred for which indemnification, reimbursement, or advancement of Expenses can be provided under this Agreement. A Proceeding also includes a situation the Indemnitee believes in good faith may lead to or culminate in the institution of a Proceeding.

(j) [“Fund Indemnitor” means [insert names]]

Section 3. Indemnity in Third-Party Proceedings. The Company will indemnify Indemnitee in accordance with the provisions of this Section 3 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 3, the Company will indemnify Indemnitee to the fullest extent permitted by applicable law against all Expenses, judgments, fines and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines and amounts paid in settlement) actually and reasonably incurred by Indemnitee or on Indemnitee’s behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal Proceeding had no reasonable cause to believe that Indemnitee’s conduct was unlawful.

Section 4. Indemnity in Proceedings by or in the Right of the Company. The Company will indemnify Indemnitee in accordance with the provisions of this Section 4 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 4, the Company will indemnify Indemnitee to the fullest extent permitted by applicable law against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee’s behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. The Company will not indemnify Indemnitee for Expenses under this Section 4 related to any claim, issue or matter in a Proceeding for which Indemnitee has been finally adjudged by a court to be liable to the Company, unless, and only to the extent that, the Delaware Court of Chancery or any court in which the Proceeding was brought determines upon application by Indemnitee that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification.

Section 5. Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provisions of this Agreement, to the fullest extent permitted by applicable law, the Company will indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee in connection with any Proceeding the extent that Indemnitee is successful, on the merits or otherwise. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company will indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with or related to each successfully resolved claim, issue or matter to the fullest extent permitted by law. For purposes of this Section 5 and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, will be deemed to be a successful result as to such claim, issue or matter.

Section 6. Indemnification For Expenses of a Witness. Notwithstanding any other provision of this Agreement and to the fullest extent permitted by applicable law, the Company will indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with any Proceeding to which Indemnitee is not a party but to which Indemnitee is a witness, deponent, interviewee, or otherwise asked to participate.

Section 7. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of Expenses, but not, however, for the total amount thereof, the Company will indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

Section 8. Additional Indemnification. Notwithstanding any limitation in Sections 3, 4, or 5, the Company will indemnify Indemnitee to the fullest extent permitted by applicable law (including but not limited to, the DGCL and any amendments to or replacements of the DGCL adopted after the date of this Agreement that expand the Company's ability to indemnify its officers and directors) if Indemnitee is a party to or threatened to be made a party to any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor).

Section 9. Exclusions. Notwithstanding any provision in this Agreement, the Company is not obligated under this Agreement to make any indemnification payment to Indemnitee in connection with any Proceeding:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except to the extent provided in Section 16(b) and except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision; or

(b) for (i) an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act (as defined in Section 2(b) hereof) or similar provisions of state statutory law or common law, (ii) any reimbursement of the Company by the Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by the Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act")), or the payment to the



Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act) or (iii) any reimbursement of the Company by Indemnitee of any compensation pursuant to any compensation recoupment or clawback policy adopted by the Board or the compensation committee of the Board, including but not limited to any such policy adopted to comply with stock exchange listing requirements implementing Section 10D of the Exchange Act; or

(c) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Proceeding or part of any Proceeding is to enforce Indemnitee's rights to indemnification or advancement, of Expenses, including a Proceeding (or any part of any Proceeding) initiated pursuant to Section 14 of this Agreement, (ii) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation or (iii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law.

Section 10. Advances of Expenses.

(a) The Company will advance, to the extent not prohibited by law, the Expenses incurred by Indemnitee in connection with any Proceeding (or any part of any Proceeding) not initiated by Indemnitee or any Proceeding (or any part of any Proceeding) initiated by Indemnitee if (i) the Proceeding or part of any Proceeding is to enforce Indemnitee's rights to obtain indemnification or advancement of Expenses from the Company or Enterprise, including a proceeding initiated pursuant to Section 14 or (ii) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation. The Company will advance the Expenses within thirty (30) days after the receipt by the Company of a statement or statements requesting such advances from time to time, whether prior to or after final disposition of any Proceeding.

(b) Advances will be unsecured and interest free. Indemnitee undertakes to repay the amounts advanced (without interest) to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified by the Company, thus Indemnitee qualifies for advances upon the execution of this Agreement and delivery to the Company. No other form of undertaking is required other than the execution of this Agreement. The Company will make advances without regard to Indemnitee's ability to repay the Expenses and without regard to Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement.

Section 11. Procedure for Notification of Claim for Indemnification or Advancement.

(a) Indemnitee will notify the Company in writing of any Proceeding with respect to which Indemnitee intends to seek indemnification or advancement of Expenses hereunder as soon as reasonably practicable following the receipt by Indemnitee of written notice thereof. Indemnitee will include in the written notification to the Company a description of the nature of the Proceeding and the facts underlying the Proceeding and provide such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification following the final disposition of such Proceeding. Indemnitee's failure to notify the Company will not relieve the Company

from any obligation it may have to Indemnitee under this Agreement, and any delay in so notifying the Company will not constitute a waiver by Indemnitee of any rights under this Agreement. The Secretary of the Company will, promptly upon receipt of such a request for indemnification, advise the Board in writing that Indemnitee has requested indemnification or advancement.

(b) The Company will be entitled to participate in the Proceeding at its own expense.

Section 12. Procedure Upon Application for Indemnification.

(a) Unless a Change of Control has occurred, the determination of Indemnitee's entitlement to indemnification will be made:

- i. by a majority vote of the Disinterested Directors, even though less than a quorum of the Board;
- ii. by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum of the Board;
- iii. if there are no such Disinterested Directors or, if such Disinterested Directors so direct, by written opinion provided by Independent Counsel selected by the Board; or
- iv. if so directed by the Board, by the stockholders of the Company.

(b) If a Change in Control has occurred, the determination of Indemnitee's entitlement to indemnification will be made by written opinion provided by Independent Counsel selected by Indemnitee (unless Indemnitee requests such selection be made by the Board).

(c) The party selecting Independent Counsel pursuant to subsection (a)(iii) or (b) of this Section 12 will provide written notice of the selection to the other party. The notified party may, within ten (10) days after receiving written notice of the selection of Independent Counsel, deliver to the selecting party a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 2 of this Agreement, and the objection will set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected will act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or the Delaware Court has determined that such objection is without merit. If, within thirty (30) days after the later of submission by Indemnitee of a written request for indemnification pursuant to Section 11(a) hereof and the final disposition of the Proceeding, Independent Counsel has not been selected or, if selected, any objection to has not been resolved, either the Company or Indemnitee may petition the Delaware Court for the appointment as Independent Counsel of a person selected by such court or by such other person as such court designates. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 14(a) of this Agreement, Independent Counsel will be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

(d) Indemnitee will cooperate with the person, persons or entity making the determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. The Company will advance and pay any Expenses incurred by Indemnitee in so cooperating with the person, persons or entity making the indemnification determination irrespective of the determination as to Indemnitee's entitlement to indemnification and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom. The Company promptly will advise Indemnitee in writing of the determination that Indemnitee is or is not entitled to indemnification, including a description of any reason or basis for which indemnification has been denied and providing a copy of any written opinion provided to the Board by Independent Counsel.

(e) If it is determined that Indemnitee is entitled to indemnification, the Company will make payment to Indemnitee within ten (10) days after such determination.

### Section 13. Presumptions and Effect of Certain Proceedings.

(a) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination will, to the fullest extent not prohibited by law, presume Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 11(a) of this Agreement, and the Company will, to the fullest extent not prohibited by law, have the burden of proof to overcome that presumption. Neither the failure of the Company (including by its directors or Independent Counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or Independent Counsel) that Indemnitee has not met such applicable standard of conduct, will be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(b) If the determination of the Indemnitee's entitlement to indemnification has not made pursuant to Section 12 within sixty (60) days after the latter of (i) receipt by the Company of Indemnitee's request for indemnification pursuant to Section 11(a) and (ii) the final disposition of the Proceeding for which Indemnitee requested indemnification (the "Determination Period"), the requisite determination of entitlement to indemnification will, to the fullest extent not prohibited by law, be deemed to have been made and Indemnitee will be entitled to such indemnification, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law. The Determination Period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto; and provided, further, the Determination Period may be extended an additional fifteen (15) days if the determination of entitlement to indemnification is to be made by the stockholders pursuant to Section 12(a)(iv) of this Agreement.

(c) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, will not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that Indemnitee's conduct was unlawful.

(d) For purposes of any determination of good faith, Indemnitee will be deemed to have acted in good faith if Indemnitee acted based on the records or books of account of the Company, its subsidiaries, or an Enterprise, including financial statements, or on information supplied to Indemnitee by the directors or officers of the Company, its subsidiaries, or an Enterprise in the course of their duties, or on the advice of legal counsel for the Company, its subsidiaries, or an Enterprise or on information or records given or reports made to the Company or an Enterprise by an independent certified public accountant or by an appraiser, financial advisor or other expert selected with reasonable care by or on behalf of the Company, its subsidiaries, or an Enterprise. Further, Indemnitee will be deemed to have acted in a manner "not opposed to the best interests of the Company," as referred to in this Agreement if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan. The provisions of this Section 13(d) is not exclusive and does not limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(e) The knowledge and/or actions, or failure to act, of any director, officer, trustee, partner, managing member, fiduciary, Agent or employee of the Enterprise may not be imputed to Indemnitee for purposes of determining Indemnitee's right to indemnification under this Agreement.

#### Section 14. Remedies of Indemnitee.

(a) Indemnitee may commence litigation against the Company in the Delaware Court of Chancery to obtain indemnification or advancement of Expenses provided by this Agreement in the event that (i) a determination is made pursuant to Section 12 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) the Company does not advance Expenses pursuant to Section 10 of this Agreement, (iii) the determination of entitlement to indemnification is not made pursuant to Section 12 of this Agreement within the Determination Period, (iv) the Company does not indemnify Indemnitee pursuant to Section 5 or 6 or the second to last sentence of Section 12(d) of this Agreement within ten (10) days after receipt by the Company of a written request therefor, (v) the Company does not indemnify Indemnitee pursuant to Section 3, 4, 7, or 8 of this Agreement within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification, or (vi) in the event that the Company or any other person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or Proceeding designed to deny, or to recover from, the

Indemnitee the benefits provided or intended to be provided to the Indemnitee hereunder. Alternatively, Indemnitee, at Indemnitee's option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnitee must commence such Proceeding seeking an adjudication or an award in arbitration within 180 days following the date on which Indemnitee first has the right to commence such Proceeding pursuant to this Section 14(a); provided, however, that the foregoing clause does not apply in respect of a Proceeding brought by Indemnitee to enforce Indemnitee's rights under Section 5 of this Agreement. The Company will not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) If a determination is made pursuant to Section 12 of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 14 will be conducted in all respects as a *de novo* trial, or arbitration, on the merits and Indemnitee may not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 14 the Company will have the burden of proving Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be and will not introduce evidence of the determination made pursuant to Section 12 of this Agreement.

(c) If a determination is made pursuant to Section 12 of this Agreement that Indemnitee is entitled to indemnification, the Company will be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 14, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) The Company is, to the fullest extent not prohibited by law, precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 14 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and will stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement.

(e) It is the intent of the Company that, to the fullest extent permitted by law, the Indemnitee not be required to incur legal fees or other Expenses associated with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement by litigation or otherwise because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Indemnitee hereunder. The Company, to the fullest extent permitted by law, will (within ten (10) days after receipt by the Company of a written request therefor) advance to Indemnitee such Expenses which are incurred by Indemnitee in connection with any action concerning this Agreement, Indemnitee's right to indemnification or advancement of Expenses from the Company, or concerning any directors' and officers' liability insurance policies maintained by the Company. and will indemnify Indemnitee against any and all such Expenses unless the court determines that each of the Indemnitee's claims in such Proceeding were made in bad faith or were frivolous or are prohibited by law.

Section 15. Establishment of Trust.

(a) In the event of a Potential Change in Control or a Change in Control, the Company will, upon written request by Indemnitee, create a trust for the benefit of Indemnitee (the "Trust") and from time to time upon written request of Indemnitee will fund such Trust in an amount sufficient to satisfy the reasonably anticipated indemnification and advancement obligations of the Company to the Indemnitee in connection with any Proceeding for which Indemnitee has demanded indemnification and/or advancement prior to the Potential Change in Control or Change in Control (the "Funding Obligation"). The trustee of the Trust (the "Trustee") will be a bank or trust company or other individual or entity chosen by the Indemnitee and reasonably acceptable to the Company. Nothing in this Section 15 relieves the Company of any of its obligations under this Agreement.

(b) The amount or amounts to be deposited in the Trust pursuant to the Funding Obligation will be determined by mutual agreement of the Indemnitee and the Company or, if the Company and the Indemnitee are unable to reach such an agreement, by Independent Counsel selected in accordance with Section 12(b) of this Agreement. The terms of the Trust will provide that, except upon the consent of both the Indemnitee and the Company, upon a Change in Control: (i) the Trust may not be revoked, or the principal thereof invaded, without the written consent of the Indemnitee; (ii) the Trustee will advance, to the fullest extent permitted by applicable law, within two (2) business days of a request by the Indemnitee; (iii) the Company will continue to fund the Trust in accordance with the Funding Obligation; (iv) the Trustee will promptly pay to the Indemnitee all amounts for which the Indemnitee is entitled to indemnification pursuant to this Agreement or otherwise; and (v) all unexpended funds in such Trust revert to the Company upon mutual agreement by the Indemnitee and the Company or, if the Indemnitee and the Company are unable to reach such an agreement, by Independent Counsel selected in accordance with Section 12(b) of this Agreement, that the Indemnitee has been fully indemnified under the terms of this Agreement. New York law (without regard to its conflicts of laws rules) governs the Trust and the Trustee will consent to the exclusive jurisdiction of Delaware Court of Chancery, in accordance with Section 25 of this Agreement.

Section 16. Non-exclusivity; Survival of Rights; Insurance; Subrogation.

(a) The indemnification and advancement of Expenses provided by this Agreement are not exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Certificate of Incorporation, the Bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. The indemnification and advancement of Expenses provided by this Agreement may not be limited or restricted by any amendment, alteration or repeal of this Agreement in any way with respect to any action taken or omitted by Indemnitee in Indemnitee's Corporate Status occurring prior to any amendment, alteration or repeal of this Agreement. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Bylaws, Certificate of Incorporation, or this Agreement, it is the intent of the parties hereto that Indemnitee enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy is cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, will not prevent the concurrent assertion or employment of any other right or remedy.

(b) The Company hereby acknowledges that Indemnitee may have certain rights to indemnification, advancement of Expenses and/or insurance provided by one or more Persons with whom or which Indemnitee may be associated [(including, without limitation, any Fund Indemnitor)].

i. The Company hereby acknowledges and agrees:

1) the Company is the indemnitor of first resort with respect to any request for indemnification or advancement of Expenses made pursuant to this Agreement concerning any Proceeding arising from or related to Indemnitee's Corporate Status with the Company;

2) the Company is primarily liable for all indemnification and indemnification or advancement of Expenses obligations for any Proceeding arising from or related to Indemnitee's Corporate Status, whether created by law, organizational or constituent documents, contract (including this Agreement) or otherwise;

3) any obligation of any other Persons with whom or which Indemnitee may be associated [(including, without limitation, any Fund Indemnitor)] to indemnify Indemnitee and/or advance Expenses to Indemnitee in respect of any proceeding are secondary to the obligations of the Company's obligations;

4) the Company will indemnify Indemnitee and advance Expenses to Indemnitee hereunder to the fullest extent provided herein without regard to any rights Indemnitee may have against any other Person with whom or which Indemnitee may be associated [(including, any Fund Indemnitor)] or insurer of any such Person; and

ii. the Company irrevocably waives, relinquishes and releases (A) any other Person with whom or which Indemnitee may be associated [(including, without limitation, any Fund Indemnitor)] from any claim of contribution, subrogation, reimbursement, exoneration or indemnification, or any other recovery of any kind in respect of amounts paid by the Company to Indemnitee pursuant to this Agreement [and (B) any right to participate in any claim or remedy of Indemnitee against any Fund Indemnitor (or former Fund Indemnitor), whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from any Fund Indemnitor (or former Fund Indemnitor), directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim, remedy or right].

iii. In the event any other Person with whom or which Indemnitee may be associated [(including, without limitation, any Fund Indemnitor)] or their insurers advances or extinguishes any liability or loss for Indemnitee, the payor has a right of subrogation against the Company or its insurers for all amounts so paid which would otherwise be payable by the Company or its insurers under this Agreement. In no event will payment by any other Person with whom or which Indemnitee may be associated [(including, without limitation, any Fund Indemnitor)] or

their insurers affect the obligations of the Company hereunder or shift primary liability for the Company's obligation to indemnify or advance of Expenses to any other Person with whom or which Indemnitee may be associated [(including, without limitation, any Fund Indemnitor)].

iv. Any indemnification or advancement of Expenses provided by any other Person with whom or which Indemnitee may be associated [(including, without limitation, any Fund Indemnitor)] is specifically in excess over the Company's obligation to indemnify and advance Expenses or any valid and collectible insurance (including but not limited to any malpractice insurance or professional errors and omissions insurance) provided by the Company.

(c) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, or Agents of the Enterprise, the Company will obtain a policy or policies covering Indemnitee to the maximum extent of the coverage available for any such director, officer, employee or Agent under such policy or policies, including coverage in the event the Company does not or cannot, for any reason, indemnify or advance Expenses to Indemnitee as required by this Agreement. If, at the time of the receipt of a notice of a claim pursuant to this Agreement, the Company has director and officer liability insurance in effect, the Company will give prompt notice of such claim or of the commencement of a Proceeding, as the case may be, to the insurers in accordance with the procedures set forth in the respective policies. The Company will thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies. Indemnitee agrees to assist the Company efforts to cause the insurers to pay such amounts and will comply with the terms of such policies, including selection of approved panel counsel, if required.

(d) The Company's obligation to indemnify or advance Expenses hereunder to Indemnitee for any Proceeding concerning Indemnitee's Corporate Status with an Enterprise will be reduced by any amount Indemnitee has actually received as indemnification or advancement of Expenses from such Enterprise. The Company and Indemnitee intend that any such Enterprise (and its insurers) be the indemnitor of first resort with respect to indemnification and advancement of Expenses for any Proceeding related to or arising from Indemnitee's Corporate Status with such Enterprise. The Company's obligation to indemnify and advance Expenses to Indemnitee is secondary to the obligations the Enterprise or its insurers owe to Indemnitee. Indemnitee agrees to take all reasonably necessary and desirable action to obtain from an Enterprise indemnification and advancement of Expenses for any Proceeding related to or arising from Indemnitee's Corporate Status with such Enterprise.

(e) In the event of any payment made by the Company under this Agreement, the Company will be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee from any Enterprise or insurance carrier. Indemnitee will execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

Section 17. Duration of Agreement. This Agreement continues until and terminates upon the later of: (a) ten (10) years after the date that Indemnitee ceases to serve as a [director/officer] of the Company or (b) one (1) year after the final termination of any Proceeding



then pending in respect of which Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and of any Proceeding commenced by Indemnitee pursuant to Section 14 of this Agreement relating thereto. The indemnification and advancement of Expenses rights provided by or granted pursuant to this Agreement are binding upon and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), continue as to an Indemnitee who has ceased to be a director, officer, employee or Agent of the Company or of any other Enterprise, and inure to the benefit of Indemnitee and Indemnitee's spouse, assigns, heirs, devisees, executors and administrators and other legal representatives.

Section 18. Severability. If any provision or provisions of this Agreement is held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) will not in any way be affected or impaired thereby and remain enforceable to the fullest extent permitted by law; (b) such provision or provisions will be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) will be construed so as to give effect to the intent manifested thereby.

Section 19. Interpretation. Any ambiguity in the terms of this Agreement will be resolved in favor of Indemnitee and in a manner to provide the maximum indemnification and advancement of Expenses permitted by law. The Company and Indemnitee intend that this Agreement provide to the fullest extent permitted by law for indemnification in excess of that expressly provided, without limitation, by the Certificate of Incorporation, the Bylaws, vote of the Company stockholders or disinterested directors, or applicable law.

Section 20. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as a director or officer of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving or continuing to serve as a director or officer of the Company.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof; provided, however, that this Agreement is a supplement to and in furtherance of the Certificate of Incorporation, the Bylaws and applicable law, and is not a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

Section 21. Modification and Waiver. No supplement, modification or amendment of this Agreement is binding unless executed in writing by the parties hereto. No waiver of any of the provisions of this Agreement will be deemed or constitutes a waiver of any other provisions of this Agreement nor will any waiver constitute a continuing waiver.

Section 22. Notice by Indemnitee. Indemnitee agrees promptly to notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification or advancement of Expenses covered hereunder. The failure of Indemnitee to so notify the Company does not relieve the Company of any obligation which it may have to the Indemnitee under this Agreement or otherwise.

Section 23. Notices. All notices, requests, demands and other communications under this Agreement will be in writing and will be deemed to have been duly given if (a) delivered by hand to the other party, (b) sent by reputable overnight courier to the other party or (c) sent by facsimile transmission or electronic mail, with receipt of oral confirmation that such communication has been received:

(a) If to Indemnitee, at the address indicated on the signature page of this Agreement, or such other address as Indemnitee provides to the Company.

(b) If to the Company to:

Name: Gossamer Bio, Inc.  
Address: 3013 Science Park Road, Suite 200  
San Diego, CA 92121  
Attention: General Counsel  
Email: cwaage@gossamerbio.com

or to any other address as may have been furnished to Indemnitee by the Company.

Section 24. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, will contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and Agents) and Indemnitee in connection with such event(s) and/or transaction(s).

Section 25. Applicable Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties are governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. Except with respect to any arbitration commenced by Indemnitee pursuant to Section 14(a) of this Agreement, the

Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or Proceeding arising out of or in connection with this Agreement may be brought only in the Delaware Court of Chancery and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or Proceeding arising out of or in connection with this Agreement, (iii) waive any objection to the laying of venue of any such action or Proceeding in the Delaware Court, and (iv) waive, and agree not to plead or to make, any claim that any such action or Proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

Section 26. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which will for all purposes be deemed to be an original but all of which together constitutes one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

Section 27. Headings. The headings of this Agreement are inserted for convenience only and do not constitute part of this Agreement or affect the construction thereof.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

GOSSAMER BIO, INC.

INDEMNITEE

By: \_\_\_\_\_  
Name:  
Office:

\_\_\_\_\_  
Name:  
Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**SUBLEASE****1. PARTIES.**

This Sublease, dated December 29, 2017 (“Effective Date”) is made between THE MEDICINES COMPANY, a Delaware corporation (“Sublessor”), and GOSSAMER BIO, Inc., a Delaware corporation (“Sublessee”).

**2. MASTER LEASE.**

Sublessor is the lessee under that certain Lease Agreement dated October 1, 2014, as amended by that certain First Amendment to Lease dated as of January 12, 2017 (collectively, the “Master Lease”) attached as Exhibit ‘C’, wherein ARE-SD Region No. 35, LLC (“Lessor”) leased to Sublessor the building located in the City of San Diego, San Diego County, State of California, described as: 3013 Science Park Road, San Diego, California, 92121 (“Master Premises”).

**3. PREMISES.**

Sublessor hereby subleases to Sublessee on the terms and conditions set forth in this Sublease the following portion of the Master Premises: approximately 32,039 rentable square feet (subject to adjustment in the event of a remeasurement of the Building or Premises pursuant to the Master Lease) on the second (2<sup>nd</sup>) floor of the Master Premises as shown in Exhibit ‘A’ attached hereto, to be referred to as Suite 200 and Suite 250 (the “Premises”). Sublessee’s rights hereunder shall include shared use of the building lobby and the open meeting areas/amphitheater between the first and second floor of the Master Premises as well as shared use of the Common Areas (as defined in, and subject to the terms of, the Master Lease). Subject to the terms of Article 40 of the Master Lease and the consent of Lessor, Sublessee’s employees will have the right to use and access the Torreyana Project (as defined in the Master Lease).

**4. WARRANTIES.**

Sublessor warrants and represents to Sublessee that, to Sublessor’s current actual knowledge, the Master Lease is in full force and effect and Sublessor is not in default or breach of any of the provisions of the Master Lease, and that Sublessor has no knowledge of any claim by Lessor that Sublessor is in default or breach of any of the provisions of the Master Lease.

Sublessee covenants that it will occupy the Premises in accordance with the terms of the Master Lease as incorporated herein and will not suffer to be done or omit to do any act which may result in a violation of or a default under any of the terms and conditions of the Master Lease, or render Sublessor liable for any damage, charge or expense thereunder. Sublessee warrants and represents that all financial information relating to Sublessee which has been provided to Sublessor is true and correct, including, without limitation, information relating to Sublessee’s Series A Preferred Stock financing.

**5. TERM.**

The term of this Sublease (the "Term") shall commence on the Commencement Date and shall expire on the last day of the month which is eighty-four (84) full months after the Rent Commencement Date (as defined below). The Term of this Sublease shall commence on the date (the "Commencement Date") which is the latest of (i) the full execution and delivery of this Sublease, (ii) receipt of Lessor's consent to this Sublease and (iii) Sublessee providing a bank statement and certification from an officer of Sublessee verifying that its Series A Preferred Stock Financing has closed and at least \$50 Million has been received by Sublessee from its investors ("Financing Contingency"). Following the latest of (i), (ii) and (iii) above, Sublessee shall be provided access to Premises for a period of fifteen (15) days ("Early Access Period") for the installation of furniture, fixtures, equipment or other special leasehold improvements including but not limited to telephones, computer wiring and networking cable (provided that Sublessee will obtain the prior consent of Lessor and Sublessor to such items to the extent required by the Master Lease or this Sublease). Sublessee shall not be obligated to pay any Base Rent or Operating Expenses/utilities during the Early Access Period (subject to the last paragraph of this Section 5). Accordingly, Base Rent will not commence to accrue until the first day after the Early Access Period (such day, the "Rent Commencement Date").

If for any reason Sublessor does not deliver possession to Sublessee on the Commencement Date, the validity of this Sublease shall not be impaired. Notwithstanding the foregoing, if Sublessor has not delivered possession to Sublessee within thirty (30) days after the Commencement Date, then at any time thereafter and before delivery of possession of the Premises to Sublessee, Sublessee may give written notice to Sublessor of Sublessee's intention to cancel this Sublease. Said notice shall set forth an effective date for such cancellation which shall be at least five (5) business days after delivery of said notice to Sublessor. If Sublessor delivers possession to Sublessee on or before such effective date, this Sublease shall remain in full force and effect. If Sublessor fails to deliver possession to Sublessee on or before such effective date, this Sublease shall be cancelable by Sublessee, in which case all consideration previously paid by Sublessee to Sublessor on account of this Sublease shall be returned to Sublessee (subject to the following paragraph of this section), this Sublease shall thereafter be of no further force or effect, and Sublessor shall have no further liability to Sublessee on account of such delay or cancellation. Sublessee may not cancel this Sublease for any other reason than those contained herein.

Sublessor has agreed not to market or sublet the Premises to any third parties during the time period prior to January 19, 2018 in order to allow Sublessee time to satisfy the Financing Contingency. In consideration of Sublessor's agreement to provide such option on the Premises to Sublessee, Sublessee has agreed to the terms of this paragraph. If Sublessee does not satisfy the Financing Contingency and provide the required documentation above to Sublessor on or before January 19, 2018, Sublessor may terminate this Sublease by delivery of written notice to Sublessee, which notice will set forth an effective date for such termination at least five (5) business days after the date of such notice (the "Effective Date"). If Sublessee satisfies the Financing Contingency prior to the Effective Date, then Sublessor's termination notice shall be deemed null and void and this Sublease will remain in full force and effect (subject to receipt of Lessor's consent within the time period set forth in Section 24 below). If the Financing Contingency is not satisfied by the Effective Date, then this Sublease will terminate effective as of the Effective Date and Sublessor will return the Security Deposit to Sublessee within fifteen (15) business days after the termination date, but Sublessor will be entitled to retain an option fee amount equal to \$118,544.30 (i.e., an amount equal to the first month's Base Rent) as consideration for the option granted by Sublessor pursuant to this paragraph. If this Sublease is terminated in accordance with this paragraph, neither party will have any further liability to the other on account of this Sublease or any other actions between the parties prior to the termination date (other than Sublessee's obligation to pay the option fee set forth above). For clarity, in the event of a termination, Sublessee will not be entitled to any reimbursement for costs or expenses incurred by Sublessee, including without limitation, costs incurred for space planning, ordering of furniture, materials or similar items in preparation for occupancy of the Premises, and Sublessee agrees that Sublessor shall have no liability or responsibility in connection therewith.

## **6. RENT AND ADDITIONAL RENT.**

Sublessee shall pay to Sublessor, without deduction, setoff, notice or demand, at The Medicines Company, 8 Sylvan Way, Parsippany, NJ 07054, Attention: Accounts Receivable, or at such other place as Sublessor shall designate from time to time by written notice to Sublessee, the sum of \$118,544.30 per month (based upon \$3.70 per rentable square foot of the Premises) ("Base Rent"), on the first day of each month of the Term. Sublessee shall pay to Sublessor concurrently with Sublessee's execution of this Sublease, the sum of \$118,544.30 as prepayment of the first month of Base Rent due hereunder. If the Rent Commencement Date falls on a day other than the first day of a month, the Base Rent for the partial months shall be prorated on a per diem basis based on the actual number of days in the month in which the Rent Commencement Date occurs.

- (A) Annual Increase. The monthly Base Rent shall increase by 3% on each anniversary of the first day of the first full month following the Commencement Date (for instance, if Commencement Date is January 15, 2018 then the annual increase shall occur every February 1<sup>st</sup> starting on January 1, 2019).

- (B) Abated Rent. Sublessee will not be entitled to the benefit of any rent abatement or reduction provided to Sublessor under the Master Lease. However, Sublessee shall receive abatement of its obligation to pay fifty percent (50%) of the monthly Base Rent due hereunder during the second (2<sup>nd</sup>) through tenth (10<sup>th</sup>) full months of the Term of this Sublease (for instance, if Commencement Date is January 15, 2018 then 50% of Base Rent shall be abated for the months of March-November 2018). Sublessee shall be responsible for its Pro Rata Share (as defined below) of all other Rent payable hereunder and for janitorial costs for the Sublease Premises during such Base Rent abatement period. In the event Sublessee defaults under this Sublease after the expiration of any applicable notice and cure period, Sublessor will be entitled to reimbursement of all Base Rent abated pursuant to this paragraph.
- (C) Additional Rent. Commencing as of the Commencement Date and continuing thereafter throughout the Term of this Sublease, Sublessee shall pay as "Operating Expenses" its Pro Rata Share of all Operating Expenses, Amenities Fees and Taxes, as defined in Master Lease. Sublessee's Pro Rata Share is hereby agreed to be **50.86%** (subject to adjustment in the event of a remeasurement of the Building or Premises pursuant to the Master Lease) ("Pro Rata Share"). Sublessee shall pay Operating Expenses based on estimates provided by Sublessor (which shall be based upon the estimates provided by Lessor under the Master Lease), at the same time and in the same manner as the payment of Base Rent. Upon Sublessor's receipt of an Annual Statement (as defined in the Master Lease), Sublessee will be credited with its Pro Rata Share of any overpayment shown in such Annual Statement, or will pay, within fifteen (15) days after demand, its Pro Rata Share of any underpayment as shown in such Annual Statement. In addition, Sublessee shall pay Sublessor a property management fee in an amount equal to three percent (3%) of the Base Rent, provided that during any period of full or partial Base Rent abatement, Sublessee shall pay the property management fee based on the amount of Base Rent that would have been payable but for the Base Rent abatement. All sums payable by Sublessee hereunder, including, without limitation Operating Expenses and the property management fee, may be referred to as "Additional Rent" and all Additional Rent, together with Base Rent may be referred to herein as "Rent."
- (D) Utilities. Sublessee will be responsible for all janitorial services and utility costs for the Sublease Premises commencing on the Commencement Date. If a separate electric meter is not in place for Premises, Sublessor may pass through a charge for Sublessee's utilities based on Sublessee Pro Rata Share of the utility bills for the Building.

**7. USE.**

The Sublease Premises may be used for research and development laboratory, related office and other related uses permitted by Applicable Laws, including zoning ordinances, and the Master Lease. Sublessee shall not commit or allow to be committed any waste upon the Premises, or any public or private nuisance or act which is unlawful.

**8. TENANT IMPROVEMENTS AND RESTORATION.**

Sublessee will not be permitted to commence any work within the Premises or to store or move any property into the Premises prior to the Commencement Date. Sublessee will not be provided access cards or keys until the Commencement Date, and may only enter the Premises when escorted by a representative of Sublessor.

Contingent upon the satisfaction of all contingencies to this Sublease, Sublessor shall provide Sublessee with a Tenant Improvement Allowance ("TIA") equal to One Hundred and Fifty Thousand Dollars (\$150,000.00) in order to fund its improvements to Premises ("Tenant Improvements") as shown in Exhibit 'B' which may include installing solid wood doors in the new private offices and under-floor conduit for cabling to workstations (subject to the prior approval of Lessor). Sublessee will not make any changes to the Tenant Improvements from those shown on Exhibit 'B' without first obtaining Sublessor's prior written consent (and the consent of Lessor if required by the Master Lease), which consent may be withheld in its sole discretion. Sublessee shall pay any and all costs associated with the Tenant Improvements in excess of the TIA. Sublessee shall be responsible for performing and completing the Tenant Improvements and Sublessor shall reimburse Sublessee for the cost of the Tenant Improvements up to the TIA within thirty (30) days after Sublessee presents to Sublessor (i) paid invoices for all of the Tenant Improvements performed, (ii) a statement by the architect or contractor that all Tenant Improvements have been completed in accordance with the plans approved by Sublessor and Lessor, (iii) mechanics lien releases satisfying the requirements of California law and (iv) any other documentation reasonably requested by Sublessor or Lessor. Sublessee shall pay Sublessor out of the TIA a total fee of two percent (2%) of the cost of the Tenant Improvements for Lessor's and Sublessor's role in managing or reviewing any Tenant Improvements and there shall be no additional management fee/charges due from Sublessee related to Tenant Improvements, unless Lessor charges any additional fee on account of the Tenant Improvements, in which case Sublessee will reimburse such charges to Sublessor. The design and construction of the Tenant Improvements shall be subject to Sublessor's reasonable approval and Lessor's approval per the Master Lease and will be constructed in accordance with all terms and conditions of the Master Lease and all applicable laws, ordinances, rules and regulations applicable to the Premises. Sublessee shall use DGA Architects and DPR Construction for the



space planning and construction of the Tenant Improvements; provided that Lessor approves such parties. All other subcontractors and vendors used by Sublessee will be subject to the prior consent of Sublessor and Lessor. Sublessor shall use reasonable efforts to assist Sublessee in obtaining Lessor's approval for the Tenant Improvements, at no cost to Sublessor, but Sublessor will have no liability and this Sublease will not be affected in the event Lessor refuses to consent to any or all of Sublessee's proposed Tenant Improvements.

Sublessee will use reasonable efforts to minimize any disruption in Sublessor's use and occupancy of the Master Premises during the construction of the Tenant Improvements. Sublessor may require that any loud or disruptive work be performed outside of Sublessor's usual business hours. As a condition to Sublessor's obligation to disburse the TIA, the Tenant Improvements must be substantially completed within three (3) months after the Commencement Date.

At the expiration of the Term, Sublessee may (to the extent permitted by the Master Lease) and shall (if required by Lessor or Sublessor) remove from the Premises all Tenant Improvements (and any Alterations subsequently installed by or on behalf of Sublessee) and Sublessee's personal property and shall repair any damage and perform any restoration work caused by such removal and shall otherwise comply with the Master Lease requirements for restoration of the Premises.

#### **9. BUILDING CONDITION.**

Sublessor shall provide that all mechanical, electrical, HVAC and plumbing systems are in good working order and condition as of the Commencement Date. If such systems are not in good working order, Sublessee must notify Sublessor of any deficiency within ninety (90) days of Sublessor's delivery of the Premises, and Sublessor shall, at Sublessor's sole cost and expense and as Sublessee's sole remedy therefor, either (i) to the extent such systems are Sublessor's obligation to repair and maintain pursuant to the Master Lease, put such systems in good working order, or (ii) to the extent such systems are Lessor's obligation to repair and maintain pursuant to the Master Lease, Sublessor shall notify Lessor of the need for any repairs or maintenance. Sublessee will have use of Sublessee's Pro-Rata Share of all existing infrastructure, including HVAC, water, gas, power, emergency generators and other equipment unique to the Building which has been designed to support the Premises ("Building Systems"); provided that Sublessor's share of the allocation of Building Systems will be adjusted as required to account for its vivarium.

Sublessee, in addition to Operating Expenses and other Rent due hereunder, shall be responsible for Sublessee's Pro Rata Share of the cost incurred by Sublessor for repair, maintenance and replacement of the Building Systems, including without limitation the deionized water system, but not including any costs related solely to Sublessor's vivarium, which amounts will be billed to Sublessee by Sublessor directly to the extent Sublessor provides such

repair, maintenance or replacement, in which case such amounts shall be payable by Sublessee as Additional Rent within thirty (30) days after its receipt of an invoice therefore. For any repair, maintenance or replacement of Building Systems performed by Lessor, Sublessee will pay Sublessee's Pro Rata Share of such costs in the same manner as provided under the Master Lease.

Sublessee agrees that Sublessor shall not be required to perform any of the covenants, agreements and/or obligations of Lessor under the Master Lease and, insofar as any of the covenants, agreements and obligations of Sublessor hereunder are required to be performed under the Master Lease by Lessor thereunder, Sublessee acknowledges and agrees that Sublessee will look solely to Lessor for such performance. Sublessor shall not be responsible for any failure or interruption, for any reason whatsoever, of the services, utilities or facilities that may be appurtenant or supplied to the Premises by Lessor or otherwise and no such failure will in any way excuse Sublessee's performance under this Sublease or entitle Sublessee to any abatement of rent or other charge, except as may be expressly permitted by the terms of the Master Lease. Sublessee shall pay to Sublessor as Rent hereunder any and all sums which Sublessor may be required to pay Lessor arising out of a request by Sublessee for additional building services or any other services from Lessor, and which Lessor bills to Sublessor.

**10. ACCESS.**

Subject to the Master Lease, casualty and Force Majeure events, Sublessee shall have 24/7 access to and use of the Premises.

**11. GENERATOR.**

Sublessee shall have access to its Pro Rata Share of the capacity of Sublessor's backup generator and will pay its Pro Rata Share of all costs incurred by Sublessor in connection with such generator, including without limitation all repair and maintenance costs, which amounts will be payable as Additional Rent within thirty (30) days after invoicing for same (or as part of Operating Expenses to the extent Lessor performs such work). Sublessor or Lessor shall repair and maintain the generator and Sublessee will in no event attempt to repair, maintain, alter or in any way access the generator. Neither Sublessor nor Lessor will have any liability on account of any failure of the generator to function, regardless of the cause of such failure, and Sublessee hereby waives any and all Claims resulting from any failure to function or malfunction of the generator.

**12. TRANSFERS.**

Sublessee shall not assign, mortgage, encumber or otherwise transfer this Sublease or sublet the whole or any part of the Premises without the prior written consent of Lessor and Sublessor (Sublessor's consent not to be unreasonably withheld, conditioned or delayed) and any such transfer will be subject to compliance with all terms and conditions of the Master Lease. No assignment,

subletting or other transfer shall relieve Sublessee of any liability under this Sublease. Consent to any such assignment, subletting or transfer shall not operate as a waiver of the necessity for consent to any subsequent assignment, subletting or transfer. In connection with each request for an assignment or subletting, Sublessee shall pay the reasonable cost of processing such assignment or subletting, including attorneys' fees, and any fees or costs payable under the Master Lease, within fifteen (15) days after demand by Sublessor.

**13. PARKING.**

Sublessee shall be provided parking per the Master Lease, which includes approximately 2.5 parking spaces per 1,000 square feet of rentable area of the Premises, subject to the terms of Article 10 of the Master Lease. Such parking will be provided free of charge throughout the Term.

**14. RENEWAL OPTION.**

So long as Sublessee is not in default after any applicable notice and cure period and has not been in default after any applicable notice and cure period hereunder on more than two (2) occasions during the Term, Sublessee physically occupies the entire Premises, and Sublessee has not assigned or further sublet the Premises, then subject to the terms of the Master Lease and the receipt of any consent required from Lessor, Sublessee shall have one (1) option to extend the Term of this Sublease through the expiration date of the initial Term of the Master Lease at a Base Rent equal to the Fair Market Rent (as defined below), but not less than the Base Rent payable under the Sublease as of the last month of the then-current Term. The "Fair Market Rent" shall be the rental rate, including all escalations, at which tenants, as of the commencement of the option Term, are leasing office and laboratory space comparable in size, location and quality to the Premises for a term comparable to the option term, which comparable space is located in comparable office/lab buildings in the Torrey Pines submarket of San Diego County.

- (A) The option contained in this Section shall be exercised by Sublessee, if at all, only in the following manner: (i) Sublessee shall deliver written notice ("**Interest Notice**") to Sublessor no later than twelve (12) months prior to the expiration of the then current Term, stating that Sublessee is interested in exercising its option; (ii) Sublessor, after receipt of the Interest Notice, shall deliver notice (the "**Option Rent Notice**") to Sublessee setting forth Sublessor's determination of the Fair Market Rent; and (iii) if Sublessee wishes to exercise such option, Sublessee shall, within thirty (30) days after Sublessee's receipt of the Option Rent Notice, exercise the option by delivering the Option Notice to Sublessor and upon, and concurrent with, such exercise, Sublessee may, at its option, object to the Option Rent determined by

Sublessor. If Sublessee exercises the option to extend but objects to the Fair Market Rent contained in the Option Rent Notice, then the Fair Market Rent shall be determined as set forth in Section (B) below. Failure of Sublessee to deliver the Interest Notice to Sublessor on or before the date specified in (i) above or to deliver the Option Notice to Sublessor on or before the date specified in (iii) above shall be deemed to constitute Sublessee's failure to exercise its option to extend. If Sublessee timely and properly exercises its option to extend, the Term, subject to Section (B) below, shall be extended for the upon all of the terms and conditions set forth in this Sublease, except that the Base Rent shall be as indicated in the Option Rent Notice or as determined in accordance with Section (B), as applicable, and all references herein to the Term shall include the option term.

- (B) In the event Sublessee exercises its option to extend but objects to Sublessor's determination of the Fair Market Rent concurrently with its exercise of the option to extend, Sublessor and Sublessee shall attempt to agree in good faith upon the Fair Market Rent. If Sublessor and Sublessee fail to reach agreement within twenty (20) days following Sublessee's delivery of the Option Notice (the "**Outside Agreement Date**"), Sublessee's exercise of the option to extend shall be rescinded and the Term shall not be extended.
- (C) The exercise of the option is expressly contingent upon the receipt of Lessor's consent to the extension of the Term of this Sublease pursuant to the terms of the Master Lease.
- (D) Except for the option specifically set forth above, nothing herein shall be construed as permitting Sublessee to exercise any extension or renewal rights or to exercise any right of first refusal or expansion, if any such rights exist, and in no event shall Sublessor be obligated to extend the term of the Master Lease for any reason. In addition, in the event the Master Lease allows Sublessor the option to terminate the Master Lease early, Sublessor's exercise of that option shall not be a default under this Sublease.

#### 15. SIGNAGE.

Subject to the approval and consent of the Lessor, which Lessor is not obligated to grant pursuant to the Master Lease, Sublessee shall be allowed to install Building top signage on the exterior of the Building at Sublessee's sole expense and in accordance with Section 38 of the Master Lease. Sublessor will have approval rights as to the Sublessee signage and Sublessee will be responsible for

obtaining all required consents and approvals for such sign. The costs associated with the purchase, installation, maintenance and eventual removal of such signage shall be borne by Sublessee. Sublessor, at Sublessor's sole expense, shall provide Building standard lobby directory and suite identification signage, subject to the terms of the Master Lease and Lessor approval.

#### **16. OTHER PROVISIONS OF SUBLEASE.**

All applicable terms and conditions of the Master Lease are incorporated into and made a part of this Sublease as if Sublessor were the lessor thereunder (provided that under no circumstance shall Sublessor be responsible or liable in any way for the failure of the Lessor to perform any acts required under the Master Lease or to supply any item, including, but not limited to, any utility or service to the subleased Premises and no such failure will in any way excuse Sublessee's performance under this Sublease or entitle Sublessee to any abatement of rent or other charge, except as may be expressly permitted by the terms of the Master Lease), Sublessee the lessee thereunder, and the Premises the Master Premises, except for the following: All sections of the summary except the definitions of Building, Project, Rentable Area of Building and Rentable Area of Project and Permitted Use, Sections 2, 4, the second paragraph of Section 31, Sections 38, 39, 42, 43 and Exhibits A, C, F and G of the Master Lease and Sections 1, 2, 8 and 9 of the First Amendment. Sublessee assumes and agrees to perform the lessee's obligations under the Master Lease during the Term to the extent that such obligations are applicable to the Premises, except that the obligation to pay rent to Lessor under the Master Lease shall be considered performed by Sublessee to the extent and in the amount rent is paid to Sublessor in accordance with Section 6 of this Sublease. Sublessee shall not commit or suffer any act or omission that will violate any of the provisions of the Master Lease. Sublessor shall use commercially reasonable efforts, at Sublessee sole cost, to cause Lessor to perform its obligations under the Master Lease for the benefit of Sublessee. Sublessor shall not enter into a voluntary termination of the Master Lease as to the Sublease Premises without Sublessee's prior consent, not to be unreasonably withheld. Notwithstanding the foregoing, Sublessor may assign or transfer the Master Lease without the consent of Sublessee and from and after the effective date of such transfer or assignment, Sublessee will look solely to such transferee or assignee for the performance of the obligation of Sublessor hereunder and Sublessor shall be released on all further obligations under this Sublease. If the Master Lease gives Sublessor any right to terminate the Master Lease in the event of the partial or total damage, destruction, or condemnation of the Master Premises or the building or project of which the Master Premises are a part, the exercise of such right by Sublessor shall not constitute a default or breach hereunder. If the Master Lease terminates for any reason (other than a default by Sublessor under the Master Lease), this Sublease will terminate on the same date as the Master Lease, and Sublessor will have no liability to Sublessee on account of such termination. In all provisions of the Master Lease requiring tenant to submit, exhibit to, supply or provide Lessor with evidence, certificates, or any other matter or thing, Sublessee shall be required to submit, exhibit to, supply or provide, as the case may be, the same to both Lessor and Sublessor.

## 17. SECURITY DEPOSIT

Concurrently with Sublessee's execution of this Sublease, Sublessee shall deposit with Sublessor the sum of \$424,644.28 as a security deposit (the "Security Deposit") for the performance by Sublessee of its obligations under this Sublease. If Sublessee is in default, Sublessor may use the Security Deposit, or any portion of it, to cure the default or to compensate Sublessor for all damage sustained by Sublessor resulting from Sublessee's default. Sublessee shall immediately on demand pay to Sublessor a sum equal to the portion of the Security Deposit expended or applied by Sublessor as provided in this Section so as to maintain the Security Deposit in the sum initially deposited with Sublessor. If Sublessee is not in default at the expiration or termination of this Sublease, Sublessor shall return the Security Deposit to Sublessee. Sublessor's obligations with respect to the Security Deposit are those of a debtor and not a trustee. Sublessor may maintain the Security Deposit separate and apart from Sublessor's general and other funds or may commingle the Security Deposit with Sublessor's general and other funds. Sublessor shall not be required to pay Sublessee any interest on the Security Deposit. Sublessee hereby waives the provisions of Section 1950.7 of the California Civil Code and all other provisions of law, now or hereafter in force, which provide that Sublessor may claim from a security deposit only those sums reasonably necessary to remedy defaults in the payment of rent, to repair damage caused by Sublessee or to clean the Premises.

Notwithstanding the foregoing, at any time after the end of the third (3<sup>rd</sup>) year of the Term of this Sublease, Sublessee may elect to replace the cash Security Deposit with a letter of credit satisfying the terms of this Section, in which case Sublessor will return the cash Security Deposit to Sublessee within ten (10) business days after its receipt of a letter of credit meeting the terms of this Sublease. If Sublessee elects to pursue this option, Sublessee shall provide to Sublessor an unconditional, irrevocable and renewable letter of credit in favor of Sublessor meeting the requirements of this Section below, in the amount of \$424,644.28 ("Letter of Credit").

The Letter of Credit will be in the form attached hereto as Exhibit 'D', issued by a financial institution satisfactory to Sublessor to be held by Sublessor in accordance with the terms, provisions and conditions of this Sublease. Sublessee shall pay all expenses, points and/or fees incurred by Sublessee in obtaining and maintaining the Letter of Credit. If the Letter of Credit delivered by Sublessee is inconsistent with the form attached hereto as Exhibit 'D' (including, without limitation, the wrong name or address for the Beneficiary), Sublessor may so notify Sublessee in writing, in which case Sublessee shall cause the Letter of Credit to be corrected.

within five (5) business days after such notice. If the issuer of the Letter of Credit is declared to be insolvent by the Federal Deposit Insurance Corporation (or any comparable institution) or becomes a debtor in any case or proceeding under the Bankruptcy Code or any similar law or statute, or ceases to conduct business for any reason, Sublessor may so notify Sublessee, in which case Sublessee shall, within five (5) business days after such notice from Sublessor, provide Sublessor with a new Letter of Credit which otherwise meets the requirements of this Section.

The Letter of Credit shall state that an authorized officer or other representative of Sublessor may make demand on Sublessor's behalf for the principal amount of the Letter of Credit, or any portion thereof, and that the issuing bank must immediately honor such demand, without qualification or satisfaction of any conditions, except the proper identification of the party making such demand. In addition, the Letter of Credit shall indicate that it is transferable in its entirety by Sublessor as beneficiary and that upon receiving written notice of transfer, and upon presentation to the issuing bank of the original Letter of Credit, the issuer or confirming bank will reissue the Letter of Credit naming such transferee as the beneficiary. Sublessee shall be responsible for the payment to the issuing bank of any transfer costs imposed by the issuing bank in connection with any such transfer. If (A) the term of the Letter of Credit held by Sublessor will expire prior to sixty (60) days following the last day of the Term and the Letter of Credit is not extended, or a new Letter of Credit for an extended period of time is not substituted, in either case at least sixty (60) days prior to the expiration of the Letter of Credit, or (B) Sublessee commits a default with respect to any provision of the Master Lease or this Sublease, including the filing of a voluntary petition under Title 11 of the United States Code (i.e., the Bankruptcy Code), or otherwise becomes a debtor in any case or proceeding under the Bankruptcy Code, as now existing or hereinafter amended, or any similar law or statute, Sublessor may (but shall not be required to) draw upon all or any portion of the Letter of Credit, and the proceeds received from such draw shall constitute Sublessor's property (and not Sublessee's property or the property of the bankruptcy estate of Sublessee) and Sublessor may then use, apply or retain all or any part of the proceeds (1) for the payment of any sum which is in default, (2) to reimburse Sublessor for costs incurred by Sublessor in connection with this Sublease, (3) for the payment of any other amount which Sublessor may spend or become obligated to spend by reason of such default, (4) to compensate Sublessor for any loss or damage which Sublessor may suffer by reason of such default or (5) as prepaid rent to be applied against the Base Rent and Additional Rent obligations for the last month of the Term and the immediately preceding month(s) of the Term until the remaining proceeds are exhausted. If any portion of the Letter of Credit proceeds are so used or applied, Sublessee shall, within ten (10) days after demand therefor, post an additional Letter of Credit in an amount to cause the aggregate amount of the unused proceeds and such new Letter of Credit to equal the Stated Amount

required in this Section above. Sublessor shall not be required to keep any proceeds from the Letter of Credit separate from its general funds. Should Sublessor assign its interest in the Master Lease during the Term and if Sublessor deposits with the assignee thereof the Letter of Credit or any proceeds of the Letter of Credit, thereupon Sublessor shall be discharged from any further liability with respect to the Letter of Credit and said proceeds and Sublessee shall look solely to such transferee for the return of the Letter of Credit or any proceeds therefrom. The Letter of Credit or any remaining proceeds of the Letter of Credit held by Sublessor after expiration of the Term, after any deductions described in this Section above, shall be returned to Sublessee or, at Sublessor's option, to the last assignee of Sublessee's interest hereunder, within sixty (60) days following the expiration of the Term.

The use, application or retention of the Letter of Credit, the proceeds or any portion thereof, shall not prevent Sublessor from exercising any other rights or remedies provided under this Sublease, it being intended that Sublessor shall not be required to proceed against the Letter of Credit, and such use, application or retention of the Letter of Credit shall not operate as a limitation on any recovery to which Sublessor may otherwise be entitled. No trust relationship is created herein between Sublessor and Sublessee with respect to the Letter of Credit.

Sublessor and Sublessee acknowledge and agree that in no event or circumstance shall the Letter of Credit, any renewal thereof or substitute therefor or the proceeds thereof be (i) deemed to be or treated as a "security deposit" within the meaning of California Civil Code Section 1950.7, (ii) subject to the terms of such Section 1950.7, or (iii) intended to serve as a "security deposit" within the meaning of such Section 1950.7. The parties hereto (A) recite that the Letter of Credit is not intended to serve as a security deposit and such Section 1950.7 and any and all other laws, rules and regulations applicable to security deposits in the commercial context ("**Security Deposit Laws**") shall have no applicability or relevancy thereto and (B) waive any and all rights, duties and obligations either party may now or, in the future, will have relating to or arising from the Security Deposit Laws. Notwithstanding the foregoing, to the extent California Civil Code Section 1950.7 in any way: (a) is applicable to this Lease or the Letter of Credit (or any proceeds thereof); or (b) controls Sublessor's rights to draw on the Letter of Credit or apply the proceeds of the Letter of Credit to any amounts due under the Lease or any damages Sublessor may suffer following termination of this Lease, then Sublessee fully and irrevocably waives the benefits and protections of Section 1950.7 of the California Civil Code, it being agreed that Sublessor may recover from the Letter of Credit (or its proceeds) all of Sublessor's damages under this Sublease and California law including, but not limited to, any damages accruing upon the termination of this Sublease in accordance with this Lease and Section 1951.2 of the California Civil Code.



**18. INDEMNIFICATION**

In addition to any indemnity obligations set forth in the Master Lease and incorporated by reference herein and not in limitation thereof, Sublessee shall indemnify, protect, defend and hold harmless the Premises, Lessor and Sublessor and their agents, partners and lenders, from and against any and all Claims (as defined in the Master Lease) arising out of, involving, or in connection with, the use and/or occupancy of the Premises by Sublessee or Sublessee's failure to perform or observe any of the terms and conditions of the Master Lease or this Sublease; provided that nothing in the foregoing will require Sublessee to indemnify Sublessor for any Claims to the extent arising out of the negligence or willful misconduct of Sublessor, its agents or employees. If any action or proceeding is brought against Lessor or Sublessor by reason of any of the foregoing matters, Sublessee shall upon notice defend the same at Sublessee's expense by counsel reasonably satisfactory to Lessor and Sublessor, and Sublessor shall cooperate with Sublessee in such defense. Sublessor will indemnify Sublessee for Sublessor's breach of Sublessor's obligations under the Master Lease to the extent such breach was not caused or contributed to by Sublessee, its agents or employees. Nothing in this Section shall be deemed to affect Sublessor's right to indemnification for liability or liabilities arising prior to termination of this Sublease for personal injury or property damage under any other indemnification or other provision of this Sublease.

**19. INSURANCE.**

Sublessee will be required to obtain all of the types and levels of insurance required pursuant to Article 17 of the Master Lease; provided that Sublessee's general liability insurance will name Sublessor as an additional insured in addition to naming the Landlord Parties (as defined in the Master Lease). Sublessee shall provide Sublessor with proof of such insurance coverage before the execution of this Sublease and prior to occupancy of the Premises, and the waiver of subrogation contained in Article 17 of the Master Lease shall apply in favor of both Sublessor and Lessor.

**20. ATTORNEYS' FEES.**

If Sublessor or Sublessee shall commence legal action against the other arising out of or in connection with this Sublease, the prevailing party shall be entitled to recover its costs of suit and reasonable attorneys' fees.

**21. AGENCY DISCLOSURE.**

Sublessor and Sublessee each warrant that they have dealt with no other real estate broker in connection with this transaction except Jones Lang LaSalle, who represents Sublessor, and Hughes Marino, who represents Sublessee, collectively "Brokers" and that they know of no other real estate broker or agent who is entitled to a commission in connection with this Sublease. Each Party agrees to indemnify and defend the other Party against and hold the other Party harmless

for, from and against any and all claims, demands, losses, liabilities, lawsuits, judgments, and costs and expenses (including without limitation reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation alleged to be owing on account of the indemnifying party's dealings with any real estate broker or agent other than the Brokers. The foregoing indemnity shall survive this Sublease. Sublessor will pay a commission to the Brokers on account of this Sublease pursuant to a separate written agreement.

**22. WAIVER & NOTICES.**

No provision of or remedy under this Sublease may be waived or modified by either party unless expressly waived or modified in a writing signed by an officer of both parties. All notices and demands which may or are to be required or permitted to be given by either party on the other hereunder shall be in writing and delivered in accordance with Section 44(a) of the Master Lease. All notices and demands by the Sublessor to Sublessee shall be sent to the Sublessee at the Premises, Attention: General Counsel or to such other place as Sublessee may from time to time designate in a notice to the Sublessor. All notices and demands by the Sublessee to Sublessor shall be mailed to the Sublessor at the address set forth for notices in the Master Lease, and to such other person or place as the Sublessor may from time to time designate in a notice to the Sublessee. Copies of all notices and demands by the Lessor to either party alleging any default under the terms of the Master Lease or this Sublease shall be promptly provided to the other party. In all provisions of the Master Lease requiring that the tenant thereunder deliver notice to Lessor, Sublessee shall be required to deliver notice concurrently to Sublessor and Lessor.

**23. CONSENT.**

Whenever the consent of Sublessor is required pursuant to the terms of this Sublease, including, without limitation, the terms of the Master Lease incorporated herein by reference, such consent shall not be unreasonably withheld, conditioned or delayed; provided that whenever Lessor's consent to such request is also required pursuant to this Sublease or the Master Lease, (i) it shall be reasonable for Sublessor to withhold its consent if Lessor withholds its consent, (ii) it shall be reasonable for Sublessor to delay its consent or withholding of such consent until such time as Lessor has given or denied its consent, (iii) it shall be reasonable for Sublessor to condition its consent upon any conditions imposed by Lessor upon Lessor's consent, and (iv) Sublessor shall not be liable for or subject to a suit for specific performance based on Sublessor's withholding, conditioning or delaying of consent caused by Lessor withholding, conditioning or delaying its consent to the same request.

**24. LESSOR'S CONSENT.**

This Sublease is subject to and contingent upon Lessor's execution of a Consent to Sublease in a form reasonably acceptable to Sublessor and Sublessee within thirty (30) days of the date hereof. In the event Lessor does not so execute such Consent to Sublease within such time, either party may terminate this Sublease upon written notice to the other party, which termination will be effective upon receipt. If this Sublease is terminated pursuant to this Section 24, Sublessor shall return to Sublessee the Security Deposit and first month's rent previously paid by Sublessee to Sublessor within fifteen (15) business days after the termination date, and neither party shall have any liability to the other on account of this Sublease or any other actions between the parties prior to the termination date. For clarity, in the event of a termination, Sublessee will not be entitled to any reimbursement for costs or expenses incurred by Sublessee, including without limitation, costs incurred for space planning, ordering of furniture, materials or similar items in preparation for occupancy of the Premises, and Sublessee agrees that Sublessor shall have no liability or responsibility in connection therewith.

**25. COMPLIANCE WITH LAWS.**

Sublessee shall promptly comply with all Legal Requirements regulating Sublessee's particular use, occupancy or improvement of the Premises. Sublessee shall be fully responsible for the cost of complying with all of the foregoing.

**26. HAZARDOUS MATERIALS.**

Sublessee shall not use or allow the use of any substance which constitutes a Hazardous Material under the Master Lease, except in strict accordance with the terms and conditions of the Master Lease and subject to all required consents and approvals of Lessor. Sublessee acknowledges the provisions of the Master Lease disclosing certain Pre-Existing Hazardous Materials and the Contemplated Covenant (both as defined in the Master Lease), and agrees that Lessor shall be solely responsible for such items and Sublessee shall not look to Sublessor in connection with such items. Sublessee hereby waives and releases Sublessor from any and all Claims relating to the Pre-Existing Hazardous Materials and the Contemplated Covenant. If Sublessee knows, or has reasonable cause to believe, that a Hazardous Material has come to be located in, on, under or about the Premises in violation of applicable laws or the Master Lease, Sublessee shall immediately give written notice of such fact to Sublessor, and provide Sublessor with a copy of any report, notice, claim or other documentation which Sublessee has concerning the presence of such Hazardous Material. Upon the expiration of the Term of this Sublease, Sublessee will prepare a Surrender Plan (which will be subject to the approval of Lessor and Sublessor) and return the Premises to Sublessor free of any residual Hazardous Materials resulting from Sublessee's use and occupancy of the Premises. Nothing in this Section 26 is intended to or will be construed to impose any liability on Sublessee for any violation of the terms of the Master Lease applicable to Hazardous Material which violation is caused solely by Sublessor, its agents or employees.

**27. DEFAULT.**

The occurrence of any of the following events (each, an “**Event of Default**”) shall constitute a material default and breach of this Sublease by Sublessee: (a) a default under the Master Lease due to Sublessee’s acts or omissions; (b) the breach of any of the provisions of Article 20 of the Master Lease. Upon any Event of Default under this Sublease, Sublessor shall have all of the remedies available to Lessor pursuant to the Master Lease, including without limitation the remedies enumerated in Article 21 of the Master Lease. All rights and remedies of Sublessor herein enumerated or incorporated by reference above shall be cumulative, and none shall exclude any other right or remedy allowed by law or in equity, and all of the following may be exercised with or without legal process as then may be provided or permitted by the laws of the State in which the Premises are situated.

**28. HOLDOVER.**

Notwithstanding any provision to the contrary contained in the Master Lease or this Sublease, (i) Sublessor expressly reserves the right to require Sublessee to surrender possession of the Premises upon the expiration of the Term or upon the earlier termination hereof and the right to assert any remedy at law or in equity to evict Sublessee and/or collect damages in connection with any such holding over, and (ii) Sublessee shall indemnify, defend and hold Sublessor harmless from and against any and all claims, demands, actions, losses, damages, obligations, costs and expenses, including, without limitation, attorneys’ fees incurred or suffered by Sublessor by reason of Sublessee’s failure to surrender the Premises on the expiration or earlier termination of this Sublease in accordance with the provisions of this Sublease, including the payment of all holdover rent and penalties chargeable pursuant to the Master Lease.

**29. ENTIRE AGREEMENT**

This Sublease, including the Exhibits and documents referenced herein, contains the entire understanding of the parties with respect to the subject matter hereof and supersedes all prior agreements or understandings. This Sublease shall not be modified except in writing signed by both Sublessor and Sublessee.

**30. GOVERNING LAW; JURISDICTION.**

This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of California, without reference to the conflicts of law principles thereof.

**31. COUNTERPARTS.**

This Sublease may be executed in any number of counterparts, which may be delivered electronically, via facsimile or by other means. Each party may rely upon signatures delivered electronically or via facsimile as if such signatures were originals. Each counterpart of this Sublease shall be deemed to be an original, and all such counterparts (including those delivered electronically or via facsimile), when taken together, shall be deemed to constitute one and the same instrument.

**[SIGNATURE PAGE FOLLOWS]**

In witness whereof, duly authorized representatives of the parties have executed and delivered this Sublease as of the Effective Date.

**SUBLESSOR:**

**THE MEDICINES COMPANY,**  
a Delaware corporation

By: /s/ William O'Connor  
Name: William O'Connor  
Title: EVP, CFO  
Date: 12/29/17

**SUBLESSEE:**

**GOSSAMER BIO, INC.,**  
a Delaware corporation

By: /s/ Faheem Hasnain  
Name: Faheem Hasnain  
Title: CEO  
Date: December 29, 2017

EXHIBIT A

Floor Plan of Sublease Premises



Office Lab Common Space

# EXHIBIT B

## Tenant Improvements



**LEGEND**

- CONFERENCE & TEAM ROOMS
- BREAK ROOM
- OFFICE  
11 OFFICES
- OPEN OFFICE  
25 WORKSTATIONS
- LABORATORY & LAB SUPPORT
- SHARED LOBBY & RESTROOM
- CORE/SERVICE
- NOT IN SCOPE



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**EXHIBIT C**  
**Master Lease**  
(Full Document Attached)

## LEASE AGREEMENT

THIS LEASE AGREEMENT (this "**Lease**") is made this \_\_\_\_ day of September, 2014, between **ARE-SD REGION NO. 35, LLC**, a Delaware limited liability company ("**Landlord**"), and **THE MEDICINES COMPANY**, a Delaware corporation ("**Tenant**").

**Building:** The to be constructed 2-story building to be known as 3013 Science Park Road, San Diego, California 92121.

**Premises:** The Building, containing approximately 63,000, rentable square feet, as determined by Landlord, as shown on **Exhibit A**, subject to adjustment as provided for in Section 5 hereof.

**Project:** The real property on which the Building in which the Premises are located, together with all improvements thereon and appurtenances thereto as described on **Exhibit B**.

**Base Rent:** \$3.50 per rentable square foot of the Premises per month, subject to adjustment as provided for in Section 4 herein.

**Rentable Area of Premises:** 63,000 sq. ft., subject to adjustment as provided for in Section 5 hereof.

**Rentable Area of Building:** 63,000 sq. ft., subject to adjustment as provided for in Section 5 hereof.

**Rentable Area of Project:** 165,938 sq. ft., subject to adjustment as provided for in Section 5 hereof.

**Tenant's Share of Operating Expenses of Building:** 100%, subject to adjustment as provided for in Section 5 hereof.

**Tenant's Share of Operating Expenses of Project:** 37.97%, subject to adjustment as provided for in Section 5 hereof.

**Security Deposit:** None

**Target Commencement Date:** September 15, 2016; provided, however, that the Target Commencement Date shall be extended 1 day for each day after August 15, 2014, that this Lease has not been mutually executed and delivered by the parties.

**Rent Adjustment Percentage:** 3%

**Base Term:** Beginning on the Commencement Date and ending 144 months from the first day of the first full month after the Commencement Date.

**Permitted Use:** Research and development laboratory (which provided Tenant complies, at Tenant's sole cost and expense, with all applicable Legal Requirements and the provisions of this Lease, may include a BSL-3 laboratory), related office, manufacturing and other related uses consistent with the character of the Project and otherwise in compliance with the provisions of Section 7 hereof.

**Address for Rent Payment:**  
Alexandria Real Estate Equities, Inc.  
Dept. LA 23447  
Pasadena, CA 91185-3447

**Landlord's Notice Address:**  
385 E. Colorado Boulevard, Suite 299  
Pasadena, CA 91101  
Attention: Corporate Secretary

**Tenant’s Notice Address:**

**Prior to 1/1/15:**

11535 Sorrento Valley Road  
San Diego, California 92121  
Attention: VP Legal Affairs

**Tenant’s Notice Address:**

**Following Substantial Completion of the**

**Tenant Improvements:**

3013 Science Park Road  
San Diego, California 92121  
Attention: VP Legal

After 1/1/15 but prior to Substantial Completion of the Tenant Improvements:

3033 Science Park Road  
San Diego, California 92121  
Attention: VP Legal Affairs

In all of the above instances, with a copy to Tenant at:

8 Sylvan Way  
Parsippany, New Jersey 07054  
Attention: Stephen Rodin

The following Exhibits and Addenda are attached hereto and incorporated herein by this reference:

**EXHIBIT A** - PREMISES DESCRIPTION

**EXHIBIT B** - DESCRIPTION OF PROJECT

**EXHIBIT C** - WORK LETTER

**EXHIBIT D** - COMMENCEMENT DATE

**EXHIBIT E** - RULES AND REGULATIONS

**EXHIBIT F** - TENANT’S PERSONAL PROPERTY

**EXHIBIT G** - SIGNAGE

**1. Lease of Premises.** Upon and subject to all of the terms and conditions hereof, Landlord hereby leases the Premises to Tenant and Tenant hereby leases the Premises from Landlord together with the non-exclusive appurtenant right to use the Project parking areas and other portions of the Project which are for the non-exclusive use of tenants of the Project, which parking areas and other portions are collectively referred to herein as the “**Common Areas.**” Landlord reserves the right to modify Common Areas, provided that such modifications do not materially adversely affect, other than on a temporary basis, Tenant’s access to the Premises or use of the Premises for the Permitted Use. From and after the Commencement Date through the expiration of the Term, Tenant shall have access to the Building and the Premises 24 hours a day, 7 days a week, except in the case of emergencies, as the result of Legal Requirements, the performance by Landlord of any installation, maintenance or repairs, or any other temporary interruptions, and otherwise subject to the terms of this Lease.

**2. Delivery; Acceptance of Premises; Commencement Date.** Landlord shall use reasonable efforts to deliver the Premises to Tenant on or before the Target Commencement Date. Upon delivery to Tenant, Landlord’s Work shall be Substantially Completed and the parking structure serving the Project in the location shown on Exhibit B will be substantially complete and available for Tenant’s use (“**Delivery**” or “**Deliver**”). If Landlord fails to timely Deliver the Premises, Landlord shall not be liable to Tenant for any loss or damage resulting therefrom, and this Lease shall not be void or voidable except as provided herein. If Landlord does not Deliver the Premises within 270 days of the Target Commencement Date for any reason other than Force Majeure delays and Tenant Delays, this Lease may be terminated by Tenant by written notice to

Landlord, and if so terminated by Tenant, neither Landlord nor Tenant shall have any further rights, duties or obligations under this Lease, except with respect to provisions which expressly survive termination of this Lease and Landlord will return any amounts paid to Landlord by Tenant pursuant to the terms of this Lease. As used herein, the terms “**Landlord’s Work**,” “**Tenant Delays**” and “**Substantially Completed**” shall have the meanings set forth for such terms in the Work Letter. If Tenant does not elect to void this Lease within 10 business days of the lapse of such 270 day period, such right to void this Lease shall be waived and this Lease shall remain in full force and effect; provided that Tenant will have a second right to terminate this Lease in the event Landlord has still not Delivered the Premises within 365 days of the Target Commencement Date for any reason other than Force Majeure delays and Tenant Delays, which right will be exercisable for a period of 10 business days after such 365 day period.

The “**Commencement Date**” shall be the earlier of: (i) the date Landlord Delivers the Premises to Tenant; or (ii) the date Landlord could have Delivered the Premises but for Tenant Delays. Notwithstanding anything to the contrary contained in this Lease, but provided Tenant is not in Default hereunder, Landlord hereby grants Tenant an abatement of the Base Rent payable during the period beginning on the Commencement Date and ending 10 months after the Commencement Date (“**Base Rent Abatement**”). Subject to the terms of Section 3(a) below, the first day of the 11<sup>th</sup> month after the Commencement Date shall be the “**Rent Commencement Date**.” In the event Landlord Delivers the Premises to Tenant more than 180 days after the Target Commencement Date (as extended for Force Majeure delays and Tenant Delays), the period of Base Rent Abatement and the Rent Commencement Date (and all subsequent rent increase dates) will be extended by an equivalent number of days that Delivery is delayed beyond the Target Commencement Date.

Upon request of Landlord, Tenant shall execute and deliver a written acknowledgment of the Commencement Date, the Rent Commencement Date and the expiration date of the Term when such are established in the form of the “Acknowledgement of Commencement Date” attached to this Lease as **Exhibit D**; provided, however, Tenant’s failure to execute and deliver such acknowledgment shall not affect Landlord’s rights hereunder. The “**Term**” of this Lease shall be the Base Term, as defined above on the first page of this Lease and any Extension Terms which Tenant may elect pursuant to Section 39 hereof.

Except as set forth in the Work Letter or otherwise expressly set forth in this Lease: (i) Tenant shall accept the Premises in their condition as of the Commencement Date with all Landlord’s Work Substantially Complete; (ii) Landlord shall have no liability for any defects in the Premises, except as set forth herein or in the Work Letter; and (iii) Tenant’s taking possession of the Premises shall be conclusive evidence that Tenant accepts the Premises and that the Premises were in good condition at the time possession was taken. Tenant will not be permitted occupancy of the Premises prior to the date upon which the Premises are Delivered to Tenant with Landlord’s Work Substantially Completed.

Except as otherwise expressly set forth in this Lease (including the Work Letter), Tenant agrees and acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty with respect to the condition of all or any portion of the Premises or the Project, and/or the suitability of the Premises or the Project for the conduct of Tenant’s business, and Tenant waives any implied warranty that the Premises or the Project are suitable for the Permitted Use. This Lease (including all exhibits attached hereto and any side letters entered into by and between Landlord and Tenant in connection with this Lease) constitutes the complete agreement of Landlord and Tenant with respect to the subject matter hereof and supersedes any and all prior representations, inducements, promises, agreements, understandings and negotiations which are not contained herein.

### 3. Rent.

(a) **Base Rent.** Base Rent for the month in which the Rent Commencement Date occurs shall be due and payable to Landlord on the Commencement Date. Tenant shall pay to Landlord in advance, without demand, abatement (except as permitted herein), deduction or set-off, monthly installments of Base Rent on or before the first day of each calendar month during the Term hereof after the Rent Commencement Date, in lawful money of the United States of America, at the office of Landlord for payment of Rent set forth above, or to such other person or at such other place as Landlord may from time to time designate in writing. Payments of Base Rent for any fractional calendar month shall be prorated. The obligation of Tenant to pay Base Rent and other sums to Landlord and the obligations of Landlord under this Lease (other than the funding of the additional TI Allowance for which TI Rent is due) are independent obligations. Tenant shall have no right at any time to abate, reduce, or set-off any Rent (as defined in Section 5) due hereunder except for any abatement as may be expressly provided in this Lease.

Notwithstanding anything to the contrary contained in this Lease, for the period commencing on the Rent Commencement Date through the last day of the 18<sup>th</sup> month after the Commencement Date, Tenant shall be required to pay Base Rent with respect to only 50,000 rentable square feet of the Premises; provided, however, that during such period, the administration rent set forth in Section 5 below shall be based on the amount of Base Rent that would have been payable with respect to the entire Premises. Tenant shall commence paying Base Rent with respect to the entire Premises on the first day of the 19<sup>th</sup> month after the Commencement Date.

(b) **Additional Rent.** In addition to Base Rent, Tenant agrees to pay to Landlord as additional rent (“**Additional Rent**”): (i) commencing on the Commencement Date, Tenant’s Share of “Operating Expenses” (as defined in Section 5), and (ii) any and all other amounts Tenant assumes or agrees to pay under the provisions of this Lease, including, without limitation, any and all other sums that may become due pursuant to the terms of this Lease by reason of any default of Tenant or failure to comply with the agreements, terms, covenants and conditions of this Lease to be performed by Tenant, after any applicable notice and cure period.

### 4. Base Rent Adjustments.

(a) **Annual Adjustments.** Base Rent (excluding any TI Rent) shall be increased on the first annual anniversary of the first day of the first full month after the Commencement Date to \$3.60 per rentable square foot of the Premises per month. Thereafter, Base Rent (excluding any TI Rent) shall be increased on each annual anniversary of the first day of the first full month after the Commencement Date (each an “**Adjustment Date**”) by multiplying the Base Rent payable immediately before such Adjustment Date by the Rent Adjustment Percentage and adding the resulting amount to the Base Rent payable immediately before such Adjustment Date. Base Rent, as so adjusted, shall thereafter be due as provided herein. Base Rent adjustments for any fractional calendar month shall be prorated.

(b) **Additional TI Allowance.** In addition to the Tenant Improvement Allowance (as defined in the Work Letter), Landlord shall, subject to the terms of the Work Letter, make available to Tenant the Additional Tenant Improvement Allowance (as defined in the Work Letter). Commencing on the Commencement Date and continuing thereafter on the first day of each month during the Base Term, Tenant shall pay the amount necessary to fully amortize the portion of the Additional Tenant Improvement Allowance actually funded by Landlord, if any, in equal monthly payments with interest at a rate of 8% per annum over the Base Term, which interest shall begin to accrue on the date that Landlord first disburses such Additional Tenant Improvement Allowance

or any portion(s) thereof (“**TI Rent**”). The TI Rent will not be subject to increase on any Adjustment Date. Any of the Additional Tenant Improvement Allowance and applicable interest remaining unpaid as of the expiration or earlier termination of the Lease (unless such termination is due to a Landlord default or otherwise caused by the act or omission of Landlord or any Landlord Party) shall be paid to Landlord in a lump sum at the expiration or earlier termination of this Lease. Tenant may prepay the TI Rent in full at any time without penalty.

**5. Operating Expense Payments.** Landlord shall deliver to Tenant a written estimate of Operating Expenses for each calendar year during the Term (the “**Annual Estimate**”), which may be revised by Landlord from time to time during such calendar year. Commencing on the Commencement Date and continuing thereafter on the first day of each month during the Term, Tenant shall pay Landlord an amount equal to 1/12th of Tenant’s Share of the Annual Estimate. Payments for any fractional calendar month shall be prorated.

Notwithstanding anything to the contrary contained in this Lease, for the period commencing on the Commencement Date through the last day of the 18<sup>th</sup> month after the Commencement Date, Tenant shall be required to pay Operating Expenses with respect to only 50,000 rentable square feet of the Premises. During such period, Tenant’s Share of Operating Expenses of Building shall be 79.37% and Tenant’s Share of Operating Expenses of Project shall be 30.13%. Tenant shall commence paying Operating Expenses with respect to the entire Premises on the first day of the 19<sup>th</sup> month after the Commencement Date.

The term “**Operating Expenses**” means all costs and expenses of any kind or description whatsoever incurred or accrued each calendar year by Landlord with respect to the Building (including the Building’s Share of all costs and expenses of any kind or description incurred or accrued by Landlord with respect to the Project which are not specific to the Building or any other building located in the Project) (including, without duplication, Taxes (as defined in Section 9), capital repairs and improvements amortized over the lesser of 15 years and the useful life of such capital items, and the costs of Landlord’s third party property manager (not to exceed 3.0% of Base Rent (excluding any TI Rent)) or, if there is no third party property manager, administration rent in the amount of 3.0% of Base Rent (excluding any TI Rent)(provided that during any period of Base Rent Abatement, administration rent shall not be abated and shall be based on the amount of Base Rent that would have been payable but for the Base Rent Abatement), excluding only:

(a) the original construction costs of the Project and renovation prior to the Commencement Date (and the original construction costs of the parking structure) and costs of correcting defects in all such original construction or renovation;

(b) capital expenditures for expansion of the Project;

(c) interest, principal payments of Mortgage (as defined in Section 27) debts of Landlord, financing costs and amortization of funds borrowed by Landlord, whether secured or unsecured or any ground lease payments;

(d) depreciation of the Project (except for capital improvements, the cost of which are permitted pursuant to this Section 5 to be included in Operating Expenses);

(e) advertising, legal and space planning expenses and leasing commissions and other costs and expenses incurred in procuring and leasing space to tenants for the Project, including any leasing office maintained in the Project, free rent and construction allowances for tenants;

- (f) legal and other expenses incurred in the negotiation or enforcement of leases;
- (g) completing, fixturing, improving, renovating, painting, redecorating or other work, which Landlord pays for or performs for other tenants within their premises, and costs of correcting defects in such work;
- (h) costs to be reimbursed by other tenants of the Project or third parties, or Taxes to be paid directly by Tenant or other tenants of the Project, whether or not actually paid;
- (i) salaries, wages, benefits and other compensation paid to officers and employees of Landlord who are not assigned in whole or in part to the operation, management, maintenance or repair of the Project (which costs shall be prorated if such officers and employees are assigned to the Project only in part in proportion to the amount of time spent by such officers and employees on the Project);
- (j) general organizational, administrative and overhead costs relating to maintaining Landlord's existence, either as a corporation, partnership, or other entity, including general corporate, legal and accounting expenses;
- (k) costs (including attorneys' fees and costs of settlement, judgments and payments in lieu thereof) incurred in connection with disputes with tenants, other occupants, or prospective tenants, and costs and expenses, including legal fees, incurred in connection with negotiations or disputes with employees, consultants, management agents, leasing agents, purchasers or mortgagees of the Building or the Project;
- (l) costs incurred by Landlord due to the violation by Landlord, its employees, agents or contractors or any tenant of the terms and conditions of any lease of space in the Project or any Legal Requirement (as defined in [Section 7](#));
- (m) penalties, fines or interest incurred as a result of Landlord's inability or failure to make payment of Taxes and/or to file any tax or informational returns when due, or from Landlord's failure to make any payment of Taxes required to be made by Landlord hereunder before delinquency;
- (n) overhead and profit increment paid to Landlord or to subsidiaries or affiliates of Landlord for goods and/or services in or to the Project to the extent the same exceeds the costs of such goods and/or services rendered by unaffiliated third parties on a competitive basis;
- (o) costs of Landlord's charitable or political contributions, or of fine art maintained at the Project;
- (p) costs in connection with services (including electricity), items or other benefits of a type which are not standard for the Project and which are not available to Tenant without specific charges therefor, but which are provided to another tenant or occupant of the Project, whether or not such other tenant or occupant is specifically charged therefor by Landlord;
- (q) costs incurred in the sale or refinancing of the Project;

(r) net income taxes of Landlord or the owner of any interest in the Project, franchise, capital stock, gift, estate or inheritance taxes or any federal, state or local documentary taxes imposed against the Project or any portion thereof or interest therein;

(s) any costs incurred to remove, study, test or remediate Hazardous Materials in or about the Building or the Project (provided, however, that the foregoing is in no event intended to limit Tenant's obligations under Section 28 or Section 30 of this Lease);

(t) costs of removing abandoned HVAC and other equipment and related pipes, conduit and fixtures from the roof, or relocating antenna equipment of third parties unrelated to Tenant;

(u) reserves;

(v) any expenses otherwise includable within Operating Expenses to the extent actually reimbursed by insurance (or would have been reimbursed by insurance required to be carried by Landlord pursuant to Section 17);

(w) costs in connection with the Amenities (as defined in Section 40) other than the Amenities Fee (as defined in Section 40) payable by Tenant pursuant to Section 40;

(x) costs occasioned by condemnation;

(y) long term rentals for equipment ordinarily considered to be of a capital nature except if such equipment is customarily leased in the operation of first class laboratory/ office buildings in the San Diego metropolitan area;

(z) capital expenditures and repair and maintenance expenses made to the building located at 3033 Science Park Road, San Diego, California;

(aa) any "tap fees" or one-time lump sewer, water or utility hook up fee incurred by Landlord as part of Landlord's Work;

(bb) the cost of performing Landlord's Work;

(cc) insurance deductibles in excess of deductibles that Tenant can demonstrate are in excess of customary deductible amounts carried by institutional owners of comparable projects in the Torrey Pines area; and

(dd) any expenses otherwise includable within Operating Expenses to the extent actually reimbursed by persons other than tenants of the Project under leases for space in the Project.

Within 90 days after the end of each calendar year (or such longer period as may be reasonably required), Landlord shall furnish to Tenant a statement (an "**Annual Statement**") showing in reasonable detail: (a) the total and Tenant's Share of actual Operating Expenses for the previous calendar year, and (b) the total of Tenant's payments in respect of Operating Expenses for such year. If Tenant's Share of actual Operating Expenses for such year exceeds Tenant's payments of Operating Expenses for such year, the excess shall be due and payable by Tenant as Rent within 30 days after delivery of such Annual Statement to Tenant. If Tenant's payments of Operating Expenses for such year exceed Tenant's Share



of actual Operating Expenses for such year Landlord shall pay the excess to Tenant within 30 days after delivery of such Annual Statement, except that after the expiration, or earlier termination of the Term or if Tenant is delinquent in its obligation to pay Rent, Landlord shall pay the excess to Tenant after deducting all other amounts due Landlord.

The Annual Statement shall be final and binding upon Tenant unless Tenant, within 120 days after Tenant's receipt thereof, shall contest any item therein by giving written notice to Landlord, specifying each item contested and the reason therefor. If, during such 120 day period, Tenant reasonably and in good faith questions or contests the accuracy of Landlord's statement of Tenant's Share of Operating Expenses, Landlord will provide Tenant with access to Landlord's books and records relating to the operation of the Project and such information as Landlord reasonably and in good faith determines to be responsive to Tenant's questions, including source documentation for the disputed items (the "**Expense Information**"). If after Tenant's review of such Expense Information, Landlord and Tenant cannot agree upon the amount of Tenant's Share of Operating Expenses, then Tenant shall have the right to have an independent regionally recognized public accounting firm selected by Tenant, working pursuant to a fee arrangement other than a contingent fee (at Tenant's sole cost and expense) and approved by Landlord (which approval shall not be unreasonably withheld or delayed), audit and/or review the Expense Information for the year in question (the "**Independent Review**"). The results of any such Independent Review shall be binding on Landlord and Tenant. If the Independent Review shows that the payments actually made by Tenant with respect to Operating Expenses for the calendar year in question exceeded Tenant's Share of Operating Expenses for such calendar year, Landlord shall at Landlord's option either (i) credit the excess amount to the next succeeding installments of estimated Operating Expenses or (ii) pay the excess to Tenant within 30 days after delivery of such statement, except that after the expiration or earlier termination of this Lease or if Tenant is delinquent in its obligation to pay Rent, Landlord shall pay the excess to Tenant after deducting all other amounts due Landlord. If the Independent Review shows that Tenant's payments with respect to Operating Expenses for such calendar year were less than Tenant's Share of Operating Expenses for the calendar year, Tenant shall pay the deficiency to Landlord within 30 days after delivery of such statement. If the Independent Review shows that Tenant has overpaid with respect to Operating Expenses by more than 5% then Landlord shall reimburse Tenant for all costs incurred by Tenant for the Independent Review. Operating Expenses for the calendar years in which Tenant's obligation to share therein begins and ends shall be prorated.

The rentable square footage of the Premises shall be adjusted prior to the Commencement Date based upon the construction drawings for the Building Shell (as defined in the Work Letter), using the 2010 Standard Method of Measuring Floor Area in Office Buildings for single tenant buildings as adopted by the Building Owners and Managers Association (ANSI/BOMA Z65.1-2010)(the "**Measurement Standard**"); provided that (except in the event that Tenant leases other premises at the Project) in no event will the final rentable square footage of the Premises be more than 5% higher than 63,000 for purposes of calculating all of Tenant's financial obligations hereunder (i.e., if the Premises is larger, Tenant will not be obligated to pay rent or expenses for the additional square footage but all other terms and conditions of this Lease will apply to such additional space). A copy of the letter or report from the TI Architect (as defined in the Work Letter) setting forth its calculation of the actual Rentable Area of the Premises based upon the construction drawings for the Building Shell (and using the Measurement Standard), together with all documentary support therefor, shall be furnished to Landlord and Tenant (the "**Notice of Re-determination of RSF**"). If, within 15 days after receipt of the Notice of Re-determination of RSF, either party disputes in good faith the results of the calculation, then such party shall notify the other party and the TI Architect in writing setting forth in reasonable detail the particular matters which such party disputes. Within 30 days after timely receipt of a dispute notice, the TI Architect shall consider the disputed matter and advise the parties of its conclusion and whether there should be an adjustment to its original Notice of Re-determination of RSF. The decision of the TI Architect, following the dispute process provided for above, shall be binding on both parties and not subject to further challenge. If the actual rentable square footage of the Premises as set forth in the Notice of Re-determination of RSF deviates from the amount specified in the definitions of "**Premises**", "**Rentable Area of Premises**" and "**Rentable Area of Building**" on page 1 of this Lease, then, subject to the 5% cap on increases set forth above, this Lease shall be amended so as to (i) reflect the actual rentable square footage as set forth in the Notice of Re-determination of RSF in the definitions of "**Premises**", "**Rentable Area of Premises**", "**Rentable Area of Building**" and "**Rentable Area of Project**", and (ii) appropriately adjust the amount set forth in the definition of "**Tenant's Share of Operating of the Project**" which was calculated based on the square footages set forth on page 1 of this Lease.

“**Tenant’s Share**” shall be the percentages set forth on the first page of this Lease as Tenant’s Share as reasonably adjusted by Landlord for changes in the physical size of the Premises or the Project occurring thereafter. Landlord may equitably increase Tenant’s Share for any item of expense or cost reimbursable by Tenant that relates to a repair, replacement, or service that benefits only the Premises or only a portion of the Project that includes the Premises or that varies with occupancy or use. Base Rent, Tenant’s Share of Operating Expenses and all other amounts payable by Tenant to Landlord hereunder are collectively referred to herein as “**Rent**.”

#### 6. Intentionally Omitted.

7. **Use.** The Premises shall be used solely for the Permitted Use set forth in the basic lease provisions on page 1 of this Lease, and in compliance with all laws, orders, judgments, ordinances, regulations, codes, directives, permits, licenses, covenants and restrictions now or hereafter applicable to the Premises, and to the use and occupancy thereof, including, without limitation, the Americans With Disabilities Act, 42 U.S.C. § 12101, et seq. (together with the regulations promulgated pursuant thereto, “**ADA**”) (collectively, “**Legal Requirements**” and each, a “**Legal Requirement**”). Tenant shall, upon 5 days’ written notice from Landlord, discontinue any use of the Premises which is declared by any Governmental Authority (as defined in Section 9) having jurisdiction to be a violation of a Legal Requirement. Tenant will not use or permit the Premises to be used for any purpose or in any manner that would void Tenant’s or Landlord’s insurance, materially increase the insurance risk as a result of a change in Tenant’s operations following the Commencement Date to include activities not customarily being performed by comparable tenants in comparable buildings in the Torrey Pines area, or cause the disallowance of any sprinkler or other credits. Tenant shall not permit any part of the Premises to be used as a “place of public accommodation”, as defined in the ADA or any similar legal requirement. Tenant shall reimburse Landlord promptly upon demand for any additional premium charged for any such insurance policy by reason of Tenant’s failure to comply with the provisions of this Section or otherwise caused by Tenant’s particular use and/or occupancy of the Premises. Tenant will use the Premises in a careful, safe and proper manner and will not commit or permit waste, overload the floor or structure of the Premises, subject the Premises to use that would damage the Premises or obstruct or interfere with the rights of Landlord or other tenants or occupants of the Project, including conducting or giving notice of any auction, liquidation, or going out of business sale on the Premises, or using or allowing the Premises to be used for any unlawful purpose. Tenant shall cause any equipment or machinery to be installed in the Premises so as to reasonably prevent sounds or vibrations from the Premises from extending into Common Areas, or other space in the Project. Tenant shall not place any machinery or equipment which will overload the floor in or upon the Premises (unless Tenant agrees to pay for any reinforcement of the floor as reasonably determined to be necessary by Landlord) or transport or move such items through the Common Areas of the Project or in the Project elevators without the prior written consent of Landlord, which consent shall not be unreasonably withheld. Except as may be provided under the Work Letter, Tenant shall not, without the prior written consent of Landlord, use the Premises in any manner which will require ventilation, air exchange, heating, gas, steam, electricity or water beyond the existing capacity of the Building (unless Tenant agrees to pay the cost of any increase in capacity).

Landlord shall be responsible for the compliance of the Premises and the Common Areas of the Project with Legal Requirements as of the Commencement Date. Following the Commencement Date, Landlord shall, as an Operating Expense (to the extent such Legal Requirement is generally applicable to similar buildings in the area in which the Project is located) and at Tenant's expense (to the extent such Legal Requirement is triggered by reason of Tenant's, as compared to other tenants of the Project, particular use of the Premises or Tenant's Alterations) make any alterations or modifications to the Common Areas or the exterior of the Building that are required by Legal Requirements. Except as provided in the two immediately preceding sentences, Tenant, at its sole expense, shall make any alterations or modifications to the interior of the Premises that are required by Legal Requirements (including, without limitation, compliance of the Premises with the ADA) related to Tenant's particular use or occupancy of the Premises or any Tenant Alterations. Notwithstanding any other provision herein to the contrary, Tenant shall be responsible for any and all demands, claims, liabilities, losses, costs, expenses, actions, causes of action, damages or judgments, and all reasonable expenses incurred in investigating or resisting the same (including, without limitation, reasonable attorneys' fees, charges and disbursements and costs of suit) (collectively, "**Claims**") arising out of or in connection with Legal Requirements related to Tenant's particular use or occupancy of the Premises or Tenant's Alterations, and Tenant shall indemnify, defend, hold and save Landlord harmless from and against any and all Claims arising out of or in connection with any failure of the Premises to comply with any Legal Requirement related to Tenant's particular use or occupancy of the Premises or Tenant's Alterations. For purposes of Section 1938 of the California Civil Code, as of the date of this Lease, the Project has not been inspected by a certified access specialist.

Tenant acknowledges and agrees that as of the date of this Lease, the Building has not been constructed and that because the Building has not been constructed, there are no existing disclosures for Landlord to provide to Tenant in connection with the California Nonresidential Building Energy Use Disclosure regulations.

**8. Holding Over.** If, with Landlord's express written consent, Tenant retains possession of the Premises after the termination of the Term, (i) unless otherwise agreed in such written consent, such possession shall be subject to immediate termination by Landlord at any time, (ii) all of the other terms and provisions of this Lease (including, without limitation, the adjustment of Base Rent pursuant to Section 4 hereof) shall remain in full force and effect (excluding any expansion or renewal option or other similar right or option) during such holdover period, (iii) Tenant shall continue to pay Base Rent in the amount payable upon the date of the expiration or earlier termination of this Lease or such other amount as may be agreed upon by Landlord and Tenant in such written consent, and (iv) all other payments shall continue under the terms of this Lease. If Tenant remains in possession of the Premises after the expiration or earlier termination of the Term without the express written consent of Landlord, (A) Tenant shall become a tenant at sufferance upon the terms of this Lease except that the monthly rental (x) for the first 60 days of any holdover shall be equal to 125% of Rent in effect during the last 30 days of the Term, and (y) for any period of holdover in excess of 60 days shall be equal to 150% of Rent in effect during the last 30 days of the Term; and (B) Tenant shall be responsible for all damages suffered by Landlord resulting from or occasioned by Tenant's holding over, including consequential damages; provided, however, that Tenant shall not be liable for consequential damages in connection with a hold over of 60 days or less. No holding over by Tenant, whether with or without consent of Landlord, shall operate to extend this Lease except as otherwise expressly provided, and this Section 8 shall not be construed as consent for Tenant to retain possession of the Premises. Acceptance by Landlord of Rent after the expiration of the Term or earlier termination of this Lease shall not result in a renewal or reinstatement of this Lease.

9. **Taxes.** Landlord shall pay, as part of Operating Expenses, all taxes, levies, fees, assessments and governmental charges of any kind, existing as of the Commencement Date or thereafter enacted (collectively referred to as “**Taxes**”), imposed by any federal, state, regional, municipal, local or other governmental authority or agency, including, without limitation, quasi-public agencies (collectively, “**Governmental Authority**”) during the Term, including, without limitation, all Taxes: (i) imposed on or measured by or based, in whole or in part, on rent payable to (or gross receipts received by) Landlord under this Lease and/or from the rental by Landlord of the Project or any portion thereof, or (ii) based on the square footage, assessed value or other measure or evaluation of any kind of the Premises or the Project, or (iii) assessed or imposed by or on the operation or maintenance of any portion of the Premises or the Project, including parking, or (iv) assessed or imposed by, or at the direction of, or resulting from Legal Requirements, or interpretations thereof, promulgated by any Governmental Authority, or (v) imposed as a license or other fee, charge, tax, or assessment on Landlord’s business or occupation of leasing space in the Project. Landlord may contest by appropriate legal proceedings the amount, validity, or application of any Taxes or liens securing Taxes. Notwithstanding anything to the contrary contained herein, Landlord shall only charge Tenant for assessments as if those assessments were paid by Landlord over the longest possible term which Landlord is permitted to pay for the applicable assessments without additional charge other than interest, if any, provided under the terms of the underlying assessments. Taxes shall not include any net income taxes, franchise taxes, capital levy taxes, transfer taxes, excess profits taxes, estate taxes, succession taxes or inheritance taxes imposed on Landlord except to the extent such net income taxes are in substitution for any Taxes payable hereunder. If any such Tax is levied or assessed directly against Tenant, then Tenant shall be responsible for and shall pay the same at such times and in such manner as the taxing authority shall require. Tenant shall pay, prior to delinquency, any and all Taxes levied or assessed against any personal property or trade fixtures placed by Tenant in the Premises, whether levied or assessed against Landlord or Tenant. If any Taxes on Tenant’s personal property or trade fixtures are levied against Landlord or Landlord’s property, or if the assessed valuation of the Project is increased by a value attributable to improvements in or Alterations to the Premises, whether owned by Landlord or Tenant and whether or not affixed to the real property so as to become a part thereof, Landlord shall have the right, but not the obligation, to pay such Taxes. Landlord’s determination of any excess assessed valuation shall be binding and conclusive, absent manifest error. The amount of any such payment by Landlord shall constitute Additional Rent due from Tenant to Landlord immediately upon demand.

If Tenant disputes in good faith any valuation of the Building for tax assessment purposes and/or any increase in the tax rate, then Tenant may request in writing (a “**Tax Dispute Notice**”) that Landlord contest the same. A Tax Dispute Notice shall set forth in reasonable detail the particular matters which Tenant disputes and Tenant’s basis for such dispute. Upon receipt of a Tax Dispute Notice, provided that no Default exists under this Lease, Landlord shall consider Tenant’s request. If Landlord, in the exercise of its reasonable discretion, agrees with Tenant’s valuation and basis for dispute, Landlord shall use reasonable efforts to contest those matters set forth in the applicable Tax Dispute Notice. Tenant shall reimburse Landlord within 30 days of invoice for all costs and expenses actually incurred by Landlord in contesting such matters. Failure of Tenant to timely pay the foregoing amounts shall permit Landlord to suspend or terminate any such contest. Tenant shall be entitled to Tenant’s Share of any refund obtained by reason of any such contest or otherwise whether obtained during or after the expiration of the Term, except that if the refund shall relate to the year in which the Term commences or expires, Tenant’s Share of the refund shall be apportioned between Landlord and Tenant according to the number of days within the Term provided Tenant paid Taxes for the year relating to such refund.

Landlord shall not voluntarily issue any assessments or bonds for the Project which would increase Tenant's payment of Taxes without Tenant's prior written consent, which may be withheld in Tenant's sole and absolute discretion; provided that the foregoing limitation shall in no way limit Tenant's obligation to pay any Taxes owed on account of assessments or bonds for the Project that are initiated or issued by any Governmental Authority or person other than Landlord.

10. **Parking.** Subject to Force Majeure, a Taking (as defined in Section 19 below) and the exercise by Landlord of its rights hereunder, Tenant shall have the right to 2.5 parking spaces per 1,000 rentable square feet of the space in the Premises, at no additional cost during the Base Term, in those areas designated for non-reserved parking in a parking structure to be constructed by Landlord, at the Project (which may, at Landlord's option, be expanded by a lot line or similar adjustment), subject in each case to Landlord's reasonable rules and regulations. Landlord may allocate parking spaces among Tenant and other tenants in the Project as described above if Landlord determines that such parking facilities are becoming crowded. Landlord shall not be responsible for enforcing Tenant's parking rights against any third parties, including other tenants of the Project; provided, however, that Landlord will use reasonable efforts to alleviate any over crowding which Tenant notifies Landlord of in writing. Tenant shall not be required to pay an additional parking charge for parking during any Extension Terms and, in lieu thereof, the market rate being charged in the Torrey Pines area at comparable projects to the Project for parking spaces comparable to the parking spaces being provided to Tenant during the applicable Extension Term shall be determined as part of the Market Rate and added to the Base Rent which Tenant is required to pay during the applicable Extension Term.

11. **Utilities, Services.** Tenant shall contract directly with utility providers for all water, electricity, heat, light, power, sewer, and other utilities (including gas and fire sprinklers to the extent the Project is plumbed for such services), and refuse and trash collection ("**Utilities**") required by Tenant during the Term. Tenant shall pay directly to such Utility providers prior to delinquency for all such Utilities furnished to Tenant or the Project during the Term. Unless billed directly to Tenant, Landlord shall, as part of Operating Expenses, pay for all maintenance charges for Utilities, and any storm sewer charges or other similar charges for Utilities imposed by any Governmental Authority or Utility provider, and any taxes, penalties, surcharges or similar charges thereon. To the extent that any Utilities, maintenance charges for Utilities, any storm sewer charges or other similar charges for Utilities imposed by any Governmental Authority or Utility provider, or any taxes, penalties, surcharges or similar charges are paid for by Landlord, Tenant shall reimburse Landlord for such costs as Operating Expenses. No interruption or failure of Utilities, from any cause whatsoever other than Landlord's willful misconduct, shall result in eviction or constructive eviction of Tenant, termination of this Lease or, except in connection with a Service Interruption (as defined below), the abatement of Rent. Tenant shall be responsible for obtaining and paying for its own janitorial services for the Premises.

Notwithstanding anything to the contrary set forth herein, if (i) a stoppage of an Essential Service (as defined below) to the Premises shall occur and such stoppage is due solely to the gross negligence or willful misconduct of Landlord and not due in any part to any act or omission on the part of Tenant or any Tenant Party or any matter beyond Landlord's reasonable control (any such stoppage of an Essential Service being hereinafter referred to as a "**Service**")

**Interruption**”), and (ii) such Service Interruption continues for more than 3 consecutive business days after Landlord shall have received written notice thereof from Tenant, and (iii) as a result of such Service Interruption, the conduct of Tenant’s normal operations in the Premises are materially and adversely affected, then, there shall be an abatement of one day’s Base Rent for each day during which such Service Interruption continues after such 3 business day period; provided, however, that if any part of the Premises is reasonably useable for Tenant’s normal business operations or if Tenant conducts all or any part of its operations in any portion of the Premises notwithstanding such Service Interruption, then the amount of each daily abatement of Base Rent shall only be proportionate to the nature and extent of the interruption of Tenant’s normal operations or ability to use the Premises. The rights granted to Tenant under this paragraph shall be Tenant’s sole and exclusive remedy resulting from a failure of Landlord to provide services, and Landlord shall not otherwise be liable for any loss or damage suffered or sustained by Tenant resulting from any failure or cessation of services. For purposes hereof, the term “**Essential Services**” shall mean the following services: HVAC service, water, sewer and electricity, but in each case only to the extent that Landlord has an obligation to provide same to Tenant under this Lease. This paragraph shall not apply to any events described in Section 18 or 19.

12. **Alterations and Tenant’s Property.** Any alterations, additions, or improvements made to the Premises by or on behalf of Tenant (other than the initial Tenant Improvements (as defined in the Work Letter) which shall be governed by the Work Letter), including additional locks or bolts of any kind or nature upon any doors or windows in the Premises, but excluding installation, removal or realignment of furniture systems (other than removal of furniture systems owned or paid for by Landlord) not involving any modifications to the structure or connections (other than by ordinary plugs or jacks) to Building Systems (as defined in Section 13) (“**Alterations**”) shall be subject to Landlord’s prior written consent, which may be given or withheld in Landlord’s sole discretion if any such Alteration affects the structure or Building Systems and shall not be otherwise unreasonably withheld. Landlord shall approve or disapprove of any such request within 15 business days of its receipt of such request consent along with the information reasonably required by Landlord to consider such request. Tenant may construct nonstructural Alterations in the Premises without Landlord’s prior approval if the aggregate cost of all such work in any 12 month period does not exceed \$50,000 (a “**Notice-Only Alteration**”), provided Tenant notifies Landlord in writing of such intended Notice-Only Alteration, and such notice shall be accompanied by plans, specifications, work contracts and such other information concerning the nature and cost of the Notice-Only Alteration as may be reasonably requested by Landlord, which notice and accompanying materials shall be delivered to Landlord not less than 15 business days in advance of any proposed construction. If Landlord approves any Alterations, Landlord may impose such conditions on Tenant in connection with the commencement, performance and completion of such Alterations as Landlord may deem appropriate in Landlord’s reasonable discretion. Any request for approval shall be in writing, delivered not less than 15 business days in advance of any proposed construction, and accompanied by plans, specifications, bid proposals, work contracts and such other information concerning the nature and cost of the Alterations as may be reasonably requested by Landlord, including the identities and mailing addresses of all persons performing work or supplying materials. Landlord’s right to review plans and specifications and to monitor construction shall be solely for its own benefit, and Landlord shall have no duty to ensure that such plans and specifications or construction comply with applicable Legal Requirements. Tenant shall cause, at its sole cost and expense, all Alterations to

comply with insurance requirements and with Legal Requirements and shall implement at its sole cost and expense any alteration or modification required by Legal Requirements as a result of any Alterations. Tenant shall pay to Landlord, as Additional Rent, on demand an amount equal to 2% of all charges incurred by Tenant or its contractors or agents in connection with any Alteration to cover Landlord's overhead and expenses for plan review, coordination, scheduling and supervision. Before Tenant begins any Alteration, Landlord may post on and about the Premises notices of non-responsibility pursuant to applicable law. Tenant shall reimburse Landlord for, and indemnify and hold Landlord harmless from, any expense incurred by Landlord by reason of faulty work done by Tenant or its contractors, delays caused by such work, or inadequate cleanup.

In connection with any Alteration work in excess of \$500,000, Landlord may require Tenant to furnish security or make other arrangements reasonably satisfactory to Landlord to assure payment for the completion of all Alterations work free and clear of liens. All Alterations work shall be completed free and clear of all liens, and Tenant shall provide (and cause each contractor or subcontractor to provide) certificates of insurance for workers' compensation and other coverage in amounts and from an insurance company satisfactory to Landlord protecting Landlord against liability for personal injury or property damage during construction. Upon completion of any Alterations, Tenant shall deliver to Landlord: (i) sworn statements setting forth the names of all contractors and subcontractors who did the work and final lien waivers from all such contractors and subcontractors; and (ii) "as built" plans for any such Alterations if the nature of such Alterations is such that such plans are typically prepared.

Except for Removable Installations (as hereinafter defined), all Installations (as hereinafter defined) shall be and shall remain the property of Landlord during the Term and following the expiration or earlier termination of the Term, shall not be removed by Tenant at any time during the Term, and shall remain upon and be surrendered with the Premises as a part thereof. Tenant will not be required to remove any cabling, telecommunications lines or security systems installed by or on behalf of Tenant (except that Landlord shall have the right to require Tenant to remove any equipment installed on the Building roof). Notwithstanding the foregoing, Landlord may, at the time its approval of any such Installation is requested, or at the time it receives notice of a Notice-Only Alteration, notify Tenant that Landlord requires that Tenant remove such Installation upon the expiration or earlier termination of the Term, in which event Tenant shall remove such Installation in accordance with the immediately succeeding sentence. Upon the expiration or earlier termination of the Term, Tenant shall remove (i) any Installations for which Landlord has given Tenant notice of removal in accordance with the immediately preceding sentence, and (ii) all of Tenant's Property (as hereinafter defined), and Tenant shall restore and repair any damage caused by or occasioned as a result of such removal, including, without limitation, capping off all such connections behind the walls of the Premises and repairing any holes. During any restoration period beyond the expiration or earlier termination of the Term, Tenant shall pay Rent to Landlord as provided herein as if said space were otherwise occupied by Tenant. If Landlord is requested by Tenant or any lender, lessor or other person or entity claiming an interest in any of Tenant's Property to waive any lien Landlord may have against any of Tenant's Property, and Landlord consents to such waiver, then Landlord shall be entitled to be paid as administrative rent a fee of \$1,000 per occurrence for its time and effort in preparing and negotiating such a waiver of lien.

Tenant shall not be required to remove the Tenant Improvements at the expiration or earlier termination of the Term nor shall Tenant have the right to remove any of the Tenant Improvements at any time.

For purposes of this Lease, (x) "**Removable Installations**" means any items listed on **Exhibit F** attached hereto and any items agreed by Landlord in writing to be included on **Exhibit F** in the future (which agreement by Landlord shall not be unreasonably withheld, conditioned or delayed), (y) "**Tenant's Property**" means Removable Installations and, other than Installations, any personal property or equipment of Tenant that may be removed without material damage to the Premises, and (z) "**Installations**" means all property of any kind paid for with the TI Fund, all Alterations, all fixtures, and all partitions, hardware, built-in machinery, built-in casework and cabinets and other similar additions, equipment, property and

improvements built into the Premises so as to become an integral part of the Premises, including, without limitation, fume hoods which penetrate the roof or plenum area, built-in cold rooms, built-in warm rooms, walk-in cold rooms, walk-in warm rooms, deionized water systems, glass washing equipment, autoclaves, chillers, built-in plumbing, electrical and mechanical equipment and systems, and any power generator and transfer switch.

13. **Landlord's Repairs.** Landlord, as an Operating Expense (except to the extent the cost thereof is excluded from Operating Expenses pursuant to Section 5 hereof), shall maintain all of the structural, exterior (including roof), parking and other Common Areas of the Project (including any parking structure serving the Project, even if located off-site), including HVAC, plumbing, fire sprinklers, elevators and all other building systems serving the Premises and/or other portions of the Project ("**Building Systems**"), in good repair, reasonable wear and tear and uninsured losses caused by Tenant, or by any of Tenant's agents, assignees, sublessees, servants, employees, invitees and contractors (collectively, "**Tenant Parties**") and damages caused by Tenant or any Tenant Parties excluded. Losses and damages caused by Tenant or any Tenant Party shall be repaired by Landlord, to the extent not covered by insurance, at Tenant's sole cost and expense. Landlord reserves the right to temporarily stop Building Systems services when necessary (i) by reason of accident or emergency, or (ii) for planned repairs, alterations or improvements, which are, in the reasonable judgment of Landlord, necessary to be made, until said repairs, alterations or improvements shall have been completed. Landlord shall have no responsibility or liability for failure to supply Building Systems services during any such period of interruption; provided, however, that Landlord shall, except in case of emergency, make a commercially reasonable effort to give Tenant 48 hours advance notice of any planned stoppage of Building Systems services for routine maintenance, repairs, alterations or improvements. Tenant shall promptly give Landlord written notice of any repair required by Landlord pursuant to this Section, after which Landlord shall make a commercially reasonable effort to effect such repair. Landlord shall use reasonable efforts to minimize interference with Tenant's operations in the Premises during such planned stoppages of Building Systems. Landlord shall not be liable for any failure to make any repairs or to perform any maintenance unless such failure shall persist for an unreasonable time after Tenant's written notice of the need for such repairs or maintenance. Tenant waives its rights under any state or local law to terminate this Lease or to make such repairs at Landlord's expense and agrees that the parties' respective rights with respect to such matters shall be solely as set forth herein including as set forth in Section 31 below. Repairs required as the result of fire, earthquake, flood, vandalism, war, or similar cause of damage or destruction shall be controlled by Section 18.

14. **Tenant's Repairs.** Subject to Section 13 hereof, Tenant, at its expense, shall repair, replace and maintain in good condition all portions of the Premises, including, without limitation, entries, doors, ceilings, interior windows, interior walls, and the interior side of demising walls. Should Tenant fail to make any such repair or replacement or fail to maintain the Premises, Landlord shall give Tenant notice of such failure. If Tenant fails to commence cure of such failure within 10 days of Landlord's notice, and thereafter diligently prosecute such cure to completion, Landlord may perform such work and shall be reimbursed by Tenant within 10 business days after demand therefor; provided, however, that if such failure by Tenant creates or could create an emergency (i.e., a circumstance which poses an imminent threat of harm to persons or substantial property damage), Landlord may immediately commence cure of such failure and shall thereafter be entitled to recover the actual costs of such cure from Tenant. Subject to Sections 17 and 18, Tenant shall bear the full uninsured cost of any repair or replacement to any part of the Project that results from damage caused by Tenant or any Tenant Party and any repair that benefits only the Premises.



15. **Mechanic's Liens.** Tenant shall discharge, by bond or otherwise, any mechanic's lien filed against the Premises or against the Project for work claimed to have been done for, or materials claimed to have been furnished to, Tenant within 15 days after the filing thereof, at Tenant's sole cost and shall otherwise keep the Premises and the Project free from any liens arising out of work performed, materials furnished or obligations incurred by Tenant. Should Tenant fail to discharge any lien described herein, Landlord shall have the right, but not the obligation, to pay such claim or post a bond or otherwise provide security to eliminate the lien as a claim against title to the Project and the cost thereof shall be immediately due from Tenant as Additional Rent. If Tenant shall lease or finance the acquisition of office equipment, furnishings, or other personal property of a removable nature utilized by Tenant in the operation of Tenant's business, Tenant warrants that any Uniform Commercial Code Financing Statement filed as a matter of public record by any lessor or creditor of Tenant will upon its face or by exhibit thereto indicate that such Financing Statement is applicable only to removable personal property of Tenant located within the Premises. In no event shall the address of the Project be furnished on the statement without qualifying language as to applicability of the lien only to removable personal property, located in an identified suite held by Tenant.

16. **Indemnification.** Tenant hereby indemnifies and agrees to defend, save and hold Landlord harmless from and against any and all Claims for injury or death to persons or damage to property occurring within or about the Premises, arising directly or indirectly out of use or occupancy of the Premises or a breach or default by Tenant in the performance of any of its obligations hereunder, except to the extent caused by the willful misconduct or negligence of Landlord, its agents or employees. Landlord shall not be liable to Tenant for, and Tenant assumes all risk of damage to, personal property (including, without limitation, loss of records kept within the Premises). Tenant further waives any and all Claims for injury to Tenant's business or loss of income relating to any such damage or destruction of personal property (including, without limitation, any loss of records). Landlord shall not be liable for any damages arising from any act, omission or neglect of any tenant in the Project or of any other third party.

Subject to the other provisions of this Lease, Landlord hereby indemnifies and agrees to defend, save and hold Tenant harmless from and against any and all Claims for injury or death to persons or damage to property occurring at the Project to the extent caused by the willful misconduct or gross negligence of Landlord, its agents or employees.

17. **Insurance.** Landlord shall maintain all risk property and, if applicable, sprinkler damage insurance covering the full replacement cost of the Project (including the initial Tenant Improvements to the extent paid for by Landlord). Landlord shall further procure and maintain commercial general liability insurance with a single loss limit of not less than \$2,000,000 for bodily injury and property damage with respect to the Project. Landlord may, but is not obligated to, maintain such other insurance and additional coverages as it may deem necessary, including, but not limited to, flood, environmental hazard and earthquake, loss or failure of building equipment, errors and omissions, rental loss during the period of repair or rebuilding, workers' compensation insurance and fidelity bonds for employees employed to perform services and insurance for any improvements installed by Tenant or which are in addition to the standard

improvements customarily furnished by Landlord without regard to whether or not such are made a part of the Project. All such insurance shall be included as part of the Operating Expenses. The Project may be included in a blanket policy (in which case the cost of such insurance allocable to the Project will be determined by Landlord based upon the insurer's cost calculations). Tenant shall also reimburse Landlord for any increased premiums or additional insurance which Landlord can substantiate as resulting from Tenant's particular use of the Premises.

Tenant, at its sole cost and expense, shall maintain during the Term: all risk property insurance with business interruption and extra expense coverage, covering the full replacement cost of all property and improvements installed or placed in the Premises by Tenant at Tenant's expense; workers' compensation insurance with no less than the minimum limits required by law; employer's liability insurance with such limits as required by law; and commercial general liability insurance, with a minimum limit of not less than \$5,000,000 per occurrence for bodily injury and property damage with respect to the Premises. Tenant's insurance may be satisfied with a combination of primary and excess or umbrella policies. The commercial general liability insurance policy shall name Alexandria Real Estate Equities, Inc., and Landlord, its officers, directors, employees, managers, agents and contractors (collectively, "**Landlord Parties**"), as additional insureds; insure on an occurrence and not a claims-made basis; be issued by insurance companies which have a rating of not less than policyholder rating of A and financial category rating of at least Class X in "Best's Insurance Guide"; not contain a hostile fire exclusion; contain a contractual liability endorsement; and provide primary coverage to Landlord (any policy issued to Landlord providing duplicate or similar coverage shall be deemed excess over Tenant's policies). Tenant shall (i) provide Landlord with 30 days' advance written notice of cancellation of such commercial general liability policy, and (ii) request that its insurer to endeavor to provide 10 days' advance written notice of cancellation of such commercial general liability policy. Certificates of insurance showing the limits of coverage required hereunder and showing Landlord as an additional insured, along with reasonable evidence of the payment of premiums for the applicable period, shall be delivered to Landlord by Tenant prior to (i) the earlier to occur of (x) the Commencement Date, or (y) the date that Tenant accesses the Premises under this Lease, and (ii) each renewal of said insurance. Tenant's policy may be a "blanket policy" with an aggregate per location endorsement which specifically provides that the amount of insurance shall not be prejudiced by other losses covered by the policy. Tenant shall, at least 5 days prior to the expiration of such policies, furnish Landlord with renewal certificates.

In each instance where insurance is to name Landlord as an additional insured, Tenant shall upon written request of Landlord also designate and furnish certificates so evidencing Landlord as additional insured to: (i) any lender of Landlord holding a security interest in the Project or any portion thereof, (ii) the landlord under any lease wherein Landlord is tenant of the real property on which the Project is located, if the interest of Landlord is or shall become that of a tenant under a ground or other underlying lease rather than that of a fee owner, and/or (iii) any management company retained by Landlord to manage the Project.

The property insurance obtained by Landlord and Tenant shall include a waiver of subrogation by the insurers and all rights based upon an assignment from its insured, against Landlord or Tenant, and their respective officers, directors, employees, managers, agents, invitees and contractors ("**Related Parties**"), in connection with any loss or damage thereby insured against. Notwithstanding anything to the contrary contained in this Lease, neither party nor its respective Related Parties shall be liable to the other for loss or damage caused by any risk insured against under property insurance required to be maintained hereunder, and each party waives any claims against the other party, and its respective Related Parties, for such loss or damage. The failure of a party to insure its property shall not void this waiver. Landlord and its respective Related Parties shall not be liable for, and Tenant hereby waives all claims against such parties for, business interruption and losses occasioned thereby sustained by Tenant or any person claiming through Tenant resulting from any accident or occurrence in or upon the Premises or the Project from any cause whatsoever. If the foregoing waivers shall contravene any law with respect to exculpatory agreements, the liability of Landlord or Tenant shall be deemed not released but shall be secondary to the other's insurer.

Landlord may require insurance policy limits to be raised to conform with requirements of Landlord's lender and/or to bring coverage limits to levels then being generally required of new tenants within the Project; provided, however, that the increased amount of coverage is consistent with coverage amounts then being required by institutional owners of similar projects with tenants occupying similar size premises in the geographical area in which the Project is located.

**18. Restoration.** If, at any time during the Term, the Project or the Premises are damaged or destroyed by a fire or other casualty, Landlord shall notify Tenant within 60 days after discovery of such damage as to the amount of time Landlord reasonably estimates it will take to restore the Project or the Premises, as applicable (the "**Restoration Period**"). If the Restoration Period is estimated to exceed 12 months (the "**Maximum Restoration Period**"), Landlord may, in such notice, elect to terminate this Lease as of the date that is 75 days after the date of discovery of such damage or destruction; provided, however, that notwithstanding Landlord's election to restore, Tenant may elect to terminate this Lease by written notice to Landlord delivered within 10 business days of receipt of a notice from Landlord estimating a Restoration Period for the Premises longer than the Maximum Restoration Period. Unless either Landlord or Tenant so elects to terminate this Lease, Landlord shall, subject to receipt of sufficient insurance proceeds (with any deductible to be treated as a current Operating Expense), promptly restore the Premises (excluding the improvements installed by Tenant or by Landlord and paid for by Tenant), subject to delays arising from the collection of insurance proceeds, from Force Majeure events or as needed to obtain any license, clearance or other authorization of any kind required to enter into and restore the Premises issued by any Governmental Authority having jurisdiction over the use, storage, handling, treatment, generation, release, disposal, removal or remediation of Hazardous Materials (as defined in Section 30) in, on or about the Premises (collectively referred to herein as "**Hazardous Materials Clearances**"); provided, however, that if repair or restoration of the Premises is not substantially complete as of the end of the Maximum Restoration Period or, if longer, the Restoration Period, Landlord may, in its sole and absolute discretion, elect not to proceed with such repair and restoration, or Tenant may by written notice to Landlord delivered within 10 business days of the expiration of the Maximum Restoration Period or, if longer, the Restoration Period, elect to terminate this Lease, in which event Landlord and Tenant shall be relieved of their respective obligations hereunder to make such repairs or restoration and this Lease shall terminate as of the date that is 75 days after the later of: (i) discovery of such damage or destruction, or (ii) the date all required Hazardous Materials Clearances are obtained, but Landlord shall retain any Rent paid and the right to any Rent payable by Tenant prior to such election by Landlord or Tenant. If this Lease has not been terminated pursuant to this Section 18, and, prior to the Maximum Restoration Period, Landlord determines that sufficient insurance proceeds will not be available for the repair or restoration required to the Premises or the Project and Landlord elects to terminate the Lease, Landlord shall deliver written notice to Tenant of such insufficiency promptly after Landlord becomes aware of such insufficiency and this Lease shall terminate 30 days after Tenant's receipt of Landlord's notice.

Tenant, at its expense, shall promptly perform, subject to delays arising from the collection of insurance proceeds, from Force Majeure (as defined in Section 34) events or to obtain Hazardous Material Clearances, all repairs or restoration not required to be done by Landlord within the Premises and shall promptly re-enter the Premises and commence doing business in accordance with this Lease. Notwithstanding the foregoing, either Landlord or Tenant may terminate this Lease upon written notice to the other if the Premises are damaged during the last year of the Term and Landlord reasonably estimates that it will take more than 2 months to repair such damage; provided, however, that such notice is delivered within 10 business days after the date that Landlord provides Tenant with written notice of the estimated

Restoration Period. Landlord shall also have the right to terminate this Lease if insurance proceeds are not available for such restoration. Rent shall be abated from the date all required Hazardous Material Clearances are obtained until the Premises are repaired and restored, in the proportion which the area of the Premises, if any, which is not usable by Tenant bears to the total area of the Premises, unless Landlord provides Tenant with other space during the period of repair that is suitable for the temporary conduct of Tenant's business. In the event that no Hazardous Material Clearances are required to be obtained by Tenant with respect to the Premises, rent abatement shall commence on the date of discovery of the damage or destruction. Such abatement shall be the sole remedy of Tenant, and except as provided in this Section 18, Tenant waives any right to terminate the Lease by reason of damage or casualty loss.

The provisions of this Lease, including this Section 18, constitute an express agreement between Landlord and Tenant with respect to any and all damage to, or destruction of, all or any part of the Premises, or any other portion of the Project, and any statute or regulation which is now or may hereafter be in effect shall have no application to this Lease or any damage or destruction to all or any part of the Premises or any other portion of the Project, the parties hereto expressly agreeing that this Section 18 sets forth their entire understanding and agreement with respect to such matters.

**19. Condemnation.** If the whole or any material part of the Premises or the Project (or the parking structure serving the Project) is taken for any public or quasi-public use under governmental law, ordinance, or regulation, or by right of eminent domain, or by private purchase in lieu thereof (a "Taking" or "Taken"), and the Taking would in Landlord's reasonable judgment, materially interfere with or impair Landlord's ownership or operation of the Project or would in the reasonable judgment of Landlord and Tenant either prevent or materially interfere with Tenant's use of the Premises (as resolved, if the parties are unable to agree, by arbitration by a single arbitrator with the qualifications and experience appropriate to resolve the matter and appointed pursuant to and acting in accordance with the rules of the American Arbitration Association), then upon written notice by Landlord, this Lease shall terminate and Rent shall be apportioned as of said date. If part of the Premises shall be Taken, and this Lease is not terminated as provided above, Landlord shall promptly restore the Premises and the Project as nearly as is commercially reasonable under the circumstances to their condition prior to such partial Taking and the rentable square footage of the Building, the rentable square footage of the Premises, Tenant's Share of Operating Expenses and the Rent payable hereunder during the unexpired Term shall be reduced to such extent as may be fair and reasonable under the circumstances. Upon any such Taking, Landlord shall be entitled to receive the entire price or award from any such Taking without any payment to Tenant, and Tenant hereby assigns to Landlord Tenant's interest, if any, in such award. Tenant shall have the right, to the extent that same shall not diminish Landlord's award, to make a separate claim against the condemning authority (but not Landlord) for such compensation as may be separately awarded or recoverable by Tenant for moving expenses and damage to Tenant's trade fixtures, if a separate award for such items is made to Tenant. Tenant hereby waives any and all rights it might otherwise have pursuant to any provision of state law to terminate this Lease upon a partial Taking of the Premises or the Project.

**20. Events of Default.** Each of the following events shall be a default ("Default") by Tenant under this Lease:

(a) **Payment Defaults.** Tenant shall fail to pay any installment of Rent or any other payment hereunder when due; provided, however, that Landlord will give Tenant notice and an opportunity to cure any failure to pay Rent within 3 days of any such notice not more than twice in any 12 month period and Tenant agrees that such notice shall be in lieu of and not in addition to, or shall be deemed to be, any notice required by law.

(b) **Insurance.** Any insurance required to be maintained by Tenant pursuant to this Lease shall be canceled or terminated or shall expire or shall be reduced or materially changed, or Landlord shall receive a notice of nonrenewal of any such insurance and Tenant shall fail to obtain replacement insurance at least 5 days before the expiration of the current coverage.

(c) **Abandonment.** Tenant shall abandon the Premises. Tenant shall not be deemed to have abandoned the Premises if (i) Tenant provides Landlord with reasonable advance notice prior to vacating and, at the time of vacating the Premises, Tenant completes Tenant's obligations with respect to the Surrender Plan in compliance with Section 28, (ii) Tenant has made reasonable arrangements with Landlord for the security of the Premises for the balance of the Term, and (iii) Tenant continues during the balance of the Term to satisfy all of its obligations under the Lease as they come due.

(d) **Improper Transfer.** Tenant shall assign, sublease or otherwise transfer or attempt to transfer all or any portion of Tenant's interest in this Lease or the Premises except as expressly permitted herein, or Tenant's interest in this Lease shall be attached, executed upon, or otherwise judicially seized and such action is not released within 90 days of the action.

(e) **Liens.** Tenant shall fail to discharge or otherwise obtain the release of any lien placed upon the Premises in violation of this Lease within 15 days after Tenant receives notice that any such lien is filed against the Premises.

(f) **Insolvency Events.** Tenant or any guarantor or surety of Tenant's obligations hereunder shall: (A) make a general assignment for the benefit of creditors; (B) commence any case, proceeding or other action seeking to have an order for relief entered on its behalf as a debtor or to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of it or its debts or seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or of any substantial part of its property (collectively a "**Proceeding for Relief**"); (C) become the subject of any Proceeding for Relief which is not dismissed within 90 days of its filing or entry; or (D) die or suffer a legal disability (if Tenant, guarantor, or surety is an individual) or be dissolved or otherwise fail to maintain its legal existence (if Tenant, guarantor or surety is a corporation, partnership or other entity).

(g) **Estoppel Certificate or Subordination Agreement.** Tenant fails to execute any document required from Tenant under Sections 23 or 27 within 5 business days after a second notice requesting such document.

(h) **Other Defaults.** Tenant shall fail to comply with any provision of this Lease other than those specifically referred to in this Section 20, and, except as otherwise expressly provided herein, such failure shall continue for a period of 30 days after written notice thereof from Landlord to Tenant.

Any notice given under Section 20(h) hereof shall: (i) specify the alleged default, (ii) demand that Tenant cure such default, (iii) be in lieu of, and not in addition to, or shall be deemed to be, any notice required under any provision of applicable law, and (iv) not be deemed a forfeiture or a termination of this Lease

unless Landlord elects otherwise in such notice; provided that if the nature of Tenant's default pursuant to Section 20(h) is such that it cannot be cured by the payment of money and reasonably requires more than 30 days to cure, then Tenant shall not be deemed to be in default if Tenant commences such cure within said 30 day period and thereafter diligently prosecutes the same to completion; provided, however, that such cure shall be completed no later than 90 days from the date of Landlord's notice.

#### 21. Landlord's Remedies.

(a) **Payment By Landlord; Interest.** Upon a Default by Tenant hereunder, Landlord may, without waiving or releasing any obligation of Tenant hereunder, make such payment or perform such act. All sums so paid or incurred by Landlord, together with interest thereon, from the date such sums were paid or incurred, at the annual rate equal to 12% per annum or the highest rate permitted by law (the "**Default Rate**"), whichever is less, shall be payable to Landlord on demand as Additional Rent. Nothing herein shall be construed to create or impose a duty on Landlord to mitigate any damages resulting from Tenant's Default hereunder.

(b) **Late Payment Rent.** Late payment by Tenant to Landlord of Rent and other sums due will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult and impracticable to ascertain. Such costs include, but are not limited to, processing and accounting charges and late charges which may be imposed on Landlord under any Mortgage covering the Premises. Therefore, if any installment of Rent due from Tenant is not received by Landlord within 5 days after the date such payment is due, Tenant shall pay to Landlord an additional sum equal to 6% of the overdue Rent as a late charge. Notwithstanding the foregoing, before assessing a late charge the first time in any calendar year, Landlord shall provide Tenant written notice of the delinquency and will waive the right if Tenant pays such delinquency within 5 days thereafter. The parties agree that this late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of late payment by Tenant. In addition to the late charge, Rent not paid when due shall bear interest at the Default Rate from the 5th day after the date due until paid.

(c) **Remedies.** Upon the occurrence of a Default, Landlord, at its option, without further notice or demand to Tenant, shall have in addition to all other rights and remedies provided in this Lease, at law or in equity, the option to pursue any one or more of the following remedies, each and all of which shall be cumulative and nonexclusive, without any notice or demand whatsoever.

(i) Terminate this Lease, or at Landlord's option, Tenant's right to possession only, in which event Tenant shall immediately surrender the Premises to Landlord, and if Tenant fails to do so, Landlord may, without prejudice to any other remedy which it may have for possession or arrearages in rent, enter upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying the Premises or any part thereof, without being liable for prosecution or any claim or damages therefor;

(ii) Upon any termination of this Lease, whether pursuant to the foregoing Section 21(c)(i) or otherwise, Landlord may recover from Tenant the following:

(A) The worth at the time of award of any unpaid rent which has been earned at the time of such termination; plus

(B) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(C) The worth at the time of award of the amount by which the unpaid rent for the balance of the Term after the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(D) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, specifically including, but not limited to, brokerage commissions and advertising expenses incurred, reasonable expenses of remodeling the Premises or any portion thereof for a new tenant, whether for the same or a different use, and any special concessions made to obtain a new tenant; and

(E) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law.

The term "**rent**" as used in this Section 21 shall be deemed to be and to mean all sums of every nature required to be paid by Tenant pursuant to the terms of this Lease, whether to Landlord or to others. As used in Sections 21(c)(i)(A) and (B), above, the "**worth at the time of award**" shall be computed by allowing interest at the Default Rate. As used in Section 21(c)(i)(C) above, the "**worth at the time of award**" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus 1%.

(iii) Landlord may continue this Lease in effect after Tenant's Default and recover rent as it becomes due (Landlord and Tenant hereby agreeing that Tenant has the right to sublet or assign hereunder, subject only to reasonable limitations). Accordingly, if Landlord does not elect to terminate this Lease following a Default by Tenant, Landlord may, from time to time, without terminating this Lease, enforce all of its rights and remedies hereunder, including the right to recover all Rent as it becomes due.

(iv) Whether or not Landlord elects to terminate this Lease following a Default by Tenant, Landlord shall have the right to terminate any and all subleases, licenses, concessions or other consensual arrangements for possession entered into by Tenant and affecting the Premises or may, in Landlord's sole discretion, succeed to Tenant's interest in such subleases, licenses, concessions or arrangements. Upon Landlord's election to succeed to Tenant's interest in any such subleases, licenses, concessions or arrangements, Tenant shall, as of the date of notice by Landlord of such election, have no further right to or interest in the rent or other consideration receivable thereunder.

(v) Independent of the exercise of any other remedy of Landlord hereunder or under applicable law, Landlord may conduct an environmental test of the Premises as generally described in Section 30(d) hereof, at Tenant's expense.

(d) **Effect of Exercise.** Exercise by Landlord of any remedies hereunder or otherwise available shall not be deemed to be an acceptance of surrender of the Premises and/or a termination of this Lease by Landlord, it being understood that such surrender and/or termination can be effected only by the express written agreement of Landlord and Tenant. Any law, usage, or custom to the contrary notwithstanding, Landlord shall have the right at all times to enforce the provisions of this Lease in strict accordance with the terms hereof; and the failure of Landlord at any time to enforce its rights under this Lease strictly in accordance with same shall not be construed as having created a custom in any way or manner contrary to the specific terms, provisions, and covenants of this Lease or as having modified the same and shall not be deemed a waiver of Landlord's right to enforce one or more of its rights in connection with any subsequent default. A receipt by Landlord of Rent or other payment with knowledge of the breach of any covenant hereof shall not be deemed a waiver of such breach, and no waiver by Landlord of any provision of this Lease shall be deemed to have been made unless expressed in writing and signed by Landlord. To the greatest extent permitted by law, Tenant waives the service of notice of Landlord's intention to re-enter, re-take or otherwise obtain possession of the Premises as provided in any statute, or to institute legal proceedings to that end, and also waives all right of redemption in case Tenant shall be dispossessed by a judgment or by warrant of any court or judge. Any reletting of the Premises or any portion thereof shall be on such terms and conditions as Landlord in its sole discretion may determine. Landlord shall not be liable for, nor shall Tenant's obligations hereunder be diminished because of, Landlord's failure to relet the Premises or collect rent due in respect of such reletting or otherwise to mitigate any damages arising by reason of Tenant's Default. Notwithstanding any contrary provision of this Lease, neither party shall be liable to the other party for any consequential damages arising under this Lease; provided that this sentence shall not apply to Landlord's damages (x) as expressly provided for in Section 8, and/or (y) in connection with Tenant's obligations as more fully set forth in Section 30. In no event shall the foregoing limit the damages to which Landlord is entitled under this Section 21(c)(ii)(A)-(D).

## 22. Assignment and Subletting.

(a) **General Prohibition.** Without Landlord's prior written consent subject to and on the conditions described in Section 22(b) below, Tenant shall not, directly or indirectly, voluntarily or by operation of law, assign this Lease or sublease the Premises or any part thereof or mortgage, pledge, or hypothecate its leasehold interest or grant any concession or license within the Premises, and any attempt to do any of the foregoing shall be void and of no effect. If Tenant is a corporation, partnership or limited liability company, the shares or other ownership interests thereof which are not actively traded upon a stock exchange or in the over-the-counter market, a transfer or series of transfers whereby 49.9% or more of the issued and outstanding shares or other ownership interests of such corporation are, or voting control is, transferred (but excepting transfers upon deaths of individual owners) from a person or persons or entity or entities which were owners thereof at time of execution of this Lease to persons or entities who were not owners of shares or other ownership interests of the corporation, partnership or limited liability company at time of execution of this Lease, shall be deemed an assignment of this Lease requiring the consent of Landlord as provided in this Section 22. Transfers of publicly traded stock or the issuance of new stock through nationally recognized stock exchanges will not be deemed an assignment or other transfer for purposes of this Lease.



(b) **Permitted Transfers.** If Tenant desires to assign, sublease, hypothecate or otherwise transfer this Lease or sublet the Premises other than pursuant to a Permitted Assignment (as defined below), then at least 15 business days, but not more than 45 business days, before the date Tenant desires the assignment or sublease to be effective (the “**Assignment Date**”), Tenant shall give Landlord a notice (the “**Assignment Notice**”) containing such information about the proposed assignee or sublessee, including the proposed use of the Premises and any Hazardous Materials proposed to be used, stored handled, treated, generated in or released or disposed of from the Premises, the Assignment Date, any relationship between Tenant and the proposed assignee or sublessee, and all material terms and conditions of the proposed assignment or sublease, including a copy of any proposed assignment or sublease in its final form, and such other information as Landlord may deem reasonably necessary or appropriate to its consideration whether to grant its consent. Landlord may, by giving written notice to Tenant within 15 business days after receipt of the Assignment Notice: (i) grant such consent, (ii) refuse such consent, in its reasonable discretion; or (iii) except in connection with a Permitted Assignment (as defined below), terminate this Lease with respect to the space described in the Assignment Notice as of the Assignment Date (an “**Assignment Termination**”). If Landlord fails to respond within such 10 business day period, then Tenant shall provide Landlord with a second written notice stating in bold and all caps 12 point font that Landlord’s failure to respond to Tenant’s Assignment Notice within 5 business days after Landlord’s receipt of the second notice shall be deemed approval by Landlord, and if Landlord does not respond within such 5 business day period, then Landlord shall be deemed to have approved such Assignment Notice request. Among other reasons, it shall be reasonable for Landlord to withhold its consent in any of these instances: (1) the proposed assignee or subtenant is a governmental agency; (2) in Landlord’s reasonable judgment, the use of the Premises by the proposed assignee or subtenant would entail any alterations that would materially lessen the value of the leasehold improvements in the Premises, or would require materially increased services by Landlord; (3) in Landlord’s reasonable judgment, the proposed assignee or subtenant is engaged in areas of scientific research or other business concerns that are controversial such that they may (i) attract or cause negative publicity for or about the Building or the Project, (ii) negatively affect the reputation of the Building, the Project or Landlord, (iii) attract protestors to the Building or the Project, or (iv) lessen the attractiveness of the Building or the Project to any tenants or prospective tenants, purchasers or lenders; (4) in Landlord’s reasonable judgment, the proposed assignee or subtenant lacks the creditworthiness to support the financial obligations it will incur under the proposed assignment or sublease; (5) **in Landlord’s reasonable judgment, the character, reputation, or business of the proposed assignee or subtenant is inconsistent with the desired tenant-mix or the quality of other tenancies in the Project or is inconsistent with the type and quality of the nature of the Building;** (6) **Landlord has received from any prior landlord to the proposed assignee or subtenant a negative report detailing any default(s) and/or litigation with and/or environmental contamination caused by the proposed assignee or subtenant in connection with its lease with such prior landlord;** (7) **Landlord has experienced previous defaults by or is in litigation with the proposed assignee or subtenant;** (8) **the use of the Premises by the proposed assignee or subtenant will violate any applicable Legal Requirement;** (9) **the proposed assignee or subtenant is an entity with whom Landlord is negotiating to lease space in the Project; or** (10) **the assignment or sublease is prohibited by Landlord’s lender.** If Landlord delivers notice of its election to exercise an Assignment Termination, Tenant shall have the right to withdraw such Assignment Notice by written notice to Landlord of such election within 5 business days after Landlord’s notice electing to exercise the

Assignment Termination. If Tenant withdraws such Assignment Notice, this Lease shall continue in full force and effect. If Tenant does not withdraw such Assignment Notice, this Lease, and the term and estate herein granted, shall terminate as of the Assignment Date with respect to the space described in such Assignment Notice. No failure of Landlord to exercise any such option to terminate this Lease, or to deliver a timely notice in response to the Assignment Notice, shall be deemed to be Landlord's consent to the proposed assignment, sublease or other transfer. Tenant shall pay to Landlord a fee equal to One Thousand Five Hundred Dollars (\$1,500) in connection with its consideration of any Assignment Notice and/or its preparation or review of any consent documents. Notwithstanding the foregoing, Landlord's consent to an assignment of this Lease or a subletting of any portion of the Premises to any entity controlling, controlled by or under common control with Tenant (a "**Control Permitted Assignment**") shall not be required, provided that Landlord shall have the right to approve the form of any such sublease or assignment (which approval shall not be unreasonably withheld or delayed). In addition, Tenant shall have the right to assign this Lease, upon 30 days prior written notice to Landlord ((x) unless Tenant is prohibited from providing such notice by applicable Legal Requirements in which case Tenant shall notify Landlord promptly thereafter, and (y) if the transaction is subject to confidentiality requirements, Tenant's advance notification shall be subject to Landlord's execution of a non-disclosure agreement reasonably acceptable to Landlord and Tenant) but without obtaining Landlord's prior written consent, to a corporation or other entity which is a successor-in-interest to Tenant, by way of merger, consolidation or corporate reorganization, or by the purchase of all or substantially all of the assets or the ownership interests of Tenant provided that (i) such merger or consolidation, or such acquisition or assumption, as the case may be, is for a legitimate business purpose and not principally for the purpose of transferring the Lease, and (ii) the net worth (as determined in accordance with generally accepted accounting principles ("**GAAP**")) of the assignee is not less than the greater of the net worth (as determined in accordance with GAAP) of Tenant as of (A) the Commencement Date, or (B) as of the date of Tenant's most current quarterly or annual financial statements, and (iii) such assignee shall agree in writing to assume all of the terms, covenants and conditions of this Lease arising after the effective date of the assignment (a "**Corporate Permitted Assignment**"). Control Permitted Assignments and Corporate Permitted Assignments are hereinafter referred to as "**Permitted Assignments.**"

(c) **Additional Conditions.** As a condition to any such assignment or subletting, whether or not Landlord's consent is required, Landlord may require:

(i) that any assignee or subtenant agree, in writing at the time of such assignment or subletting, that if Landlord gives such party notice that Tenant is in default under this Lease, such party shall thereafter make all payments otherwise due Tenant directly to Landlord, which payments will be received by Landlord without any liability except to credit such payment against those due under the Lease, and any such third party shall agree to attorn to Landlord or its successors and assigns should this Lease be terminated for any reason; provided, however, in no event shall Landlord or its successors or assigns be obligated to accept such attornment; and

(ii) A list of Hazardous Materials, certified by the proposed assignee or sublessee to be true and correct, which the proposed assignee or sublessee intends to use, store, handle, treat, generate in or release or dispose of from the Premises, together with copies of all documents relating to such use, storage, handling, treatment, generation,

release or disposal of Hazardous Materials by the proposed assignee or subtenant in the Premises or on the Project, prior to the proposed assignment or subletting, including, without limitation: permits; approvals; reports and correspondence; storage and management plans; plans relating to the installation of any storage tanks to be installed in or under the Project (provided, said installation of tanks shall only be permitted after Landlord has given its written consent to do so, which consent may be withheld in Landlord's sole and absolute discretion); and all closure plans or any other documents required by any and all federal, state and local Governmental Authorities for any storage tanks installed in, on or under the Project for the closure of any such tanks. Neither Tenant nor any such proposed assignee or subtenant is required, however, to provide Landlord with any portion(s) of the such documents containing information of a proprietary nature which, in and of themselves, do not contain a reference to any Hazardous Materials or hazardous activities.

(d) **No Release of Tenant, Sharing of Excess Rents.** Notwithstanding any assignment or subletting, Tenant and any guarantor or surety of Tenant's obligations under this Lease shall at all times remain fully and primarily responsible and liable for the payment of Rent and for compliance with all of Tenant's other obligations under this Lease. Except in connection with a Permitted Assignment, if the Rent due and payable by a sublessee or assignee (or a combination of the rental payable under such sublease or assignment plus any bonus or other consideration therefor or incident thereto in any form) exceeds the sum of the rental payable under this Lease, (excluding however, any Rent payable under this Section) and actual and reasonable brokerage fees, legal costs and any design or construction fees directly related to and required pursuant to the terms of any such sublease) ("**Excess Rent**"), then Tenant shall be bound and obligated to pay Landlord as Additional Rent hereunder 50% of such Excess Rent within 10 days following receipt thereof by Tenant. If Tenant shall sublet the Premises or any part thereof, Tenant hereby immediately and irrevocably assigns to Landlord, as security for Tenant's obligations under this Lease, all rent from any such subletting, and Landlord as assignee, or a receiver for Tenant appointed on Landlord's application, may collect such rent and apply it toward Tenant's obligations under this Lease; except that, until the occurrence of a Default, Tenant shall have the right to collect such rent.

(e) **No Waiver.** The consent by Landlord to an assignment or subletting shall not relieve Tenant or any assignees of this Lease or any sublessees of the Premises from obtaining the consent of Landlord to any further assignment or subletting nor shall it release Tenant or any assignee or sublessee of Tenant from full and primary liability under the Lease. The acceptance of Rent hereunder, or the acceptance of performance of any other term, covenant, or condition thereof, from any other person or entity shall not be deemed to be a waiver of any of the provisions of this Lease or a consent to any subletting, assignment or other transfer of the Premises.

(f) **Prior Conduct of Proposed Transferee.** Notwithstanding any other provision of this Section 22, if (i) the proposed assignee or sublessee of Tenant has been required by any prior landlord, lender or Governmental Authority to take remedial action in connection with Hazardous Materials contaminating a property, where the contamination resulted from such party's action or use of the property in question, (ii) the proposed assignee or sublessee is subject to an enforcement order issued by any Governmental Authority in connection with the use, storage, handling, treatment, generation, release or disposal of Hazardous Materials (including, without limitation,

any order related to the failure to make a required reporting to any Governmental Authority), or (iii) because of the existence of a pre-existing environmental condition in the vicinity of or underlying the Project, the risk that Landlord would be targeted as a responsible party in connection with the remediation of such pre-existing environmental condition would be materially increased or exacerbated by the proposed use of Hazardous Materials by such proposed assignee or sublessee, Landlord shall have the absolute right to refuse to consent to any assignment or subletting to any such party.

**23. Estoppel Certificate.** Tenant shall, within 10 business days of written notice from Landlord, execute, acknowledge and deliver a statement in writing in any form reasonably requested by a proposed lender or purchaser, (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease as so modified is in full force and effect) and the dates to which the rental and other charges are paid in advance, if any, (ii) acknowledging that there are not any uncured defaults on the part of Landlord hereunder, or specifying such defaults if any are claimed, and (iii) setting forth such further factual information with respect to the status of this Lease or the Premises as may be reasonably requested thereon. Any such statement may be relied upon by any prospective purchaser or encumbrancer of all or any portion of the real property of which the Premises are a part. Tenant's failure to deliver such statement within such time shall be conclusive upon Tenant that the Lease is in full force and effect and without modification except as may be represented by Landlord in any certificate prepared by Landlord and delivered to Tenant for execution.

**24. Quiet Enjoyment.** So long as Tenant is not in Default under this Lease, Tenant shall, subject to the terms of this Lease, at all times during the Term, have peaceful and quiet enjoyment of the Premises and the parking structure serving the Project against any person claiming by, through or under Landlord.

**25. Prorations.** All prorations required or permitted to be made hereunder shall be made on the basis of a 360 day year and 30 day months.

**26. Rules and Regulations.** Tenant shall, at all times during the Term and any extension thereof, comply with all reasonable rules and regulations at any time or from time to time established by Landlord covering use of the Premises and the Project. The current rules and regulations are attached hereto as **Exhibit E**. If there is any conflict between said rules and regulations and other provisions of this Lease, the terms and provisions of this Lease shall control. Landlord shall not have any liability or obligation for the breach of any rules or regulations by other tenants in the Project and shall not enforce such rules and regulations in a discriminatory manner.

**27. Subordination.** This Lease and Tenant's interest and rights hereunder are hereby made and shall be subject and subordinate at all times to the lien of any Mortgage now existing or hereafter created on or against the Project or the Premises, and all amendments, restatements, renewals, modifications, consolidations, refinancing, assignments and extensions thereof, without the necessity of any further instrument or act on the part of Tenant; provided, however that so long as there is no Default hereunder, Tenant's right to possession of the Premises shall not be disturbed (including Tenant's right to quiet enjoyment as set forth in Section 24) by the Holder of any such Mortgage. Tenant agrees, at the election of the Holder of any such Mortgage, to attorn to any such

Holder. Tenant agrees upon demand to execute, acknowledge and deliver such instruments, confirming such subordination, and such instruments of attornment as shall be requested by any such Holder, provided any such instruments contain appropriate non-disturbance provisions assuring Tenant's quiet enjoyment of the Premises as set forth in Section 24 hereof. Notwithstanding the foregoing, any such Holder may at any time subordinate its Mortgage to this Lease, without Tenant's consent, by notice in writing to Tenant, and thereupon this Lease shall be deemed prior to such Mortgage without regard to their respective dates of execution, delivery or recording and in that event such Holder shall have the same rights with respect to this Lease as though this Lease had been executed prior to the execution, delivery and recording of such Mortgage and had been assigned to such Holder. The term "**Mortgage**" whenever used in this Lease shall be deemed to include deeds of trust, security assignments and any other encumbrances, and any reference to the "**Holder**" of a Mortgage shall be deemed to include the beneficiary under a deed of trust.

As of the date of this Lease, there is no existing Mortgage encumbering the Project. Landlord agrees to use reasonable efforts to cause the Holder of any future Mortgage to enter into a subordination, non-disturbance and attornment agreement ("**SNDA**") with Tenant with respect to this Lease. The SNDA shall be on the form proscribed by the Holder and Tenant shall pay the Holder's fees and costs in connection with obtaining such SNDA; provided, however, that Landlord shall request that Holder make any changes to the SNDA requested by Tenant. Landlord's failure to cause the Holder to enter into the SNDA with Tenant (or make any of the changes requested by Tenant) shall not be a default by Landlord under this Lease

**28. Surrender.** Upon the expiration of the Term or earlier termination of Tenant's right of possession, Tenant shall surrender the Premises to Landlord in the same condition as received, subject to any Alterations or Installations permitted by Landlord to remain in the Premises, free of Hazardous Materials brought upon, kept, used, stored, handled, treated, generated in, or released or disposed of from, the Premises by any person other than a Landlord Party (collectively, "**Tenant HazMat Operations**") and released of all Hazardous Materials Clearances, broom clean, ordinary wear and tear and casualty loss and condemnation covered by Sections 18 and 19 excepted. At least 3 months prior to the surrender of the Premises, Tenant shall deliver to Landlord a narrative description of the actions proposed (or required by any Governmental Authority) to be taken by Tenant in order to surrender the Premises (including any Installations permitted by Landlord to remain in the Premises) at the expiration or earlier termination of the Term, free from any residual impact from the Tenant HazMat Operations and otherwise released for unrestricted use and occupancy (the "**Surrender Plan**"). Such Surrender Plan shall be accompanied by a current listing of (i) all Hazardous Materials licenses and permits held by or on behalf of any Tenant Party with respect to the Premises, and (ii) all Hazardous Materials used, stored, handled, treated, generated, released or disposed of from the Premises, and shall be subject to the review and reasonable approval of Landlord's environmental consultant. In connection with the review and approval of the Surrender Plan, upon the request of Landlord, Tenant shall deliver to Landlord or its consultant such additional non-proprietary information concerning Tenant HazMat Operations as Landlord shall request. On or before such surrender, Tenant shall deliver to Landlord evidence that the approved Surrender Plan shall have been satisfactorily completed and Landlord shall have the right, subject to reimbursement at Tenant's expense as set forth below, to cause Landlord's environmental consultant to inspect the Premises and perform such additional procedures as may be deemed reasonably necessary to confirm that the Premises are, as of the

effective date of such surrender or early termination of the Lease, free from any residual impact from Tenant HazMat Operations. Tenant shall reimburse Landlord, as Additional Rent, for the actual out-of-pocket expense incurred by Landlord for Landlord's environmental consultant to review and approve the Surrender Plan and to visit the Premises and verify satisfactory completion of the same, which cost shall not exceed \$5,000. Landlord shall have the unrestricted right to deliver such Surrender Plan and any report by Landlord's environmental consultant with respect to the surrender of the Premises to third parties with a legitimate business reason for reviewing such report and provided that Landlord instructs such parties to treat the same as confidential.

If Tenant shall fail to prepare or submit a Surrender Plan approved by Landlord, or if Tenant shall fail to complete the approved Surrender Plan, or if such Surrender Plan, whether or not approved by Landlord, shall fail to adequately address any residual effect of Tenant HazMat Operations in, on or about the Premises, Landlord shall have the right to take such actions as Landlord may deem reasonable or appropriate (as confirmed by Landlord's environmental consultant) to assure that the Premises and the Project are surrendered free from any residual impact from Tenant HazMat Operations, the cost of which actions shall be reimbursed by Tenant as Additional Rent, without regard to the limitation set forth in the first paragraph of this Section 28.

Tenant shall immediately return to Landlord all keys and/or access cards to parking, the Project, restrooms or all or any portion of the Premises furnished to or otherwise procured by Tenant. If any such access card or key is lost, Tenant shall pay to Landlord, at Landlord's election, either the cost of replacing such lost access card or key or the cost of reprogramming the access security system in which such access card was used or changing the lock or locks opened by such lost key. Any Tenant's Property, Alterations and property not so removed by Tenant as permitted or required herein shall be deemed abandoned and may be stored, removed, and disposed of by Landlord at Tenant's expense, and Tenant waives all claims against Landlord for any damages resulting from Landlord's retention and/or disposition of such property. All obligations of Landlord and Tenant hereunder not fully performed as of the termination of the Term, including the obligations of Tenant under Section 30 hereof, shall survive the expiration or earlier termination of the Term, including, without limitation, indemnity obligations, payment obligations with respect to Rent and obligations concerning the condition and repair of the Premises.

**29. Waiver of Jury Trial.** TO THE EXTENT PERMITTED BY LAW, TENANT AND LANDLORD WAIVE ANY RIGHT TO TRIAL BY JURY OR TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE, BETWEEN LANDLORD AND TENANT ARISING OUT OF THIS LEASE OR ANY OTHER INSTRUMENT, DOCUMENT, OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith OR THE TRANSACTIONS RELATED HERETO.

**30. Environmental Requirements.**

(a) **Prohibition/Compliance/Indemnity.** Tenant shall not cause or permit any Hazardous Materials (as hereinafter defined) to be brought upon, kept, used, stored, handled, treated, generated in or about, or released or disposed of from, the Premises or the Project in violation of applicable Environmental Requirements (as hereinafter defined) by Tenant or any Tenant Party. If Tenant breaches the obligation stated in the preceding sentence, or if the presence of Hazardous Materials in the Premises during the Term or any holding over results in contamination of the Premises, the Project or any adjacent property or if contamination of the Premises, the Project or any adjacent property by Hazardous Materials brought into, kept, used, stored, handled, treated, generated in or about, or released or disposed of from, the Premises by

anyone other than Landlord and Landlord's employees, agents and contractors otherwise occurs during the Term or any holding over, Tenant hereby indemnifies and shall defend and hold Landlord, its officers, directors, employees, agents and contractors harmless from any and all actions (including, without limitation, remedial or enforcement actions of any kind, administrative or judicial proceedings, and orders or judgments arising out of or resulting therefrom), costs, claims, damages (including, without limitation, punitive damages and damages based upon diminution in value of the Premises or the Project, or the loss of, or restriction on, use of the Premises or any portion of the Project), expenses (including, without limitation, attorneys', consultants' and experts' fees, court costs and amounts paid in settlement of any claims or actions), fines, forfeitures or other civil, administrative or criminal penalties, injunctive or other relief (whether or not based upon personal injury, property damage, or contamination of, or adverse effects upon, the environment, water tables or natural resources), liabilities or losses (collectively, "**Environmental Claims**") which arise during or after the Term as a result of such contamination. This indemnification of Landlord by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, treatment, remedial, removal, or restoration work required by any federal, state or local Governmental Authority because of Hazardous Materials present in the air, soil or ground water above, on, or under the Premises. Without limiting the foregoing, if the presence of any Hazardous Materials on the Premises, the Building, the Project or any adjacent property caused or permitted by Tenant or any Tenant Party results in any contamination of the Premises, the Building, the Project or any adjacent property, Tenant shall promptly take all actions at its sole expense and in accordance with applicable Environmental Requirements as are necessary to return the Premises, the Building, the Project or any adjacent property to the condition existing prior to the time of such contamination, provided that Landlord's approval of such action shall first be obtained, which approval shall not unreasonably be withheld so long as such actions would not potentially have any material adverse long-term or short-term effect on the Premises, the Building or the Project. Landlord shall, at no cost or expense to Tenant, comply with all of Landlord's monitoring and remediation obligations under applicable Legal Requirements with respect to the Hazardous Materials condition which is the subject of the Contemplated Covenant (as defined in Section 32 below). Notwithstanding anything to the contrary contained in Section 28 or this Section 30, Tenant shall not be responsible for, and the indemnification and hold harmless obligation set forth in this paragraph shall not apply to (i) contamination in the Premises which Tenant can prove to Landlord's reasonable satisfaction existed in the Premises immediately prior to the Commencement Date, or (ii) the presence of any Hazardous Materials in the Premises which Tenant can prove to Landlord's reasonable satisfaction migrated from outside of the Premises into the Premises, unless in either case, the presence of such Hazardous Materials (x) is the result of a breach by Tenant of any of its obligations under this Lease, or (y) was caused, contributed to or exacerbated by Tenant or any Tenant Party. The parties specifically agree that Tenant will have no responsibility for any Hazardous Material to which the disclosure set forth in Section 30(i) below applies (namely those Hazardous Materials disclosed in the various reports prepared by Environ and referenced in the letter dated July 8, 2013 and provided to Tenant (the "**Pre-Existing Hazardous Materials**")), unless the presence of such Pre-Existing Hazardous Materials is contributed to or exacerbated by Tenant or any Tenant Party. Landlord agrees to indemnify, defend and hold Tenant harmless from and against any and all claims made against Tenant by any Governmental Authority arising from or related to the presence of the Hazardous Materials specifically identified in and subject to the Contemplated Covenant.

(b) **Business.** Landlord acknowledges that it is not the intent of this Section 30 to prohibit Tenant from using the Premises for the Permitted Use. Tenant may operate its business according to prudent industry practices so long as the use or presence of Hazardous Materials is strictly and properly monitored according to all then applicable Environmental Requirements. As a material inducement to Landlord to allow Tenant to use Hazardous Materials in connection with its business, Tenant agrees to deliver to Landlord prior to the Commencement Date a list identifying each type of Hazardous Materials to be brought upon, kept, used, stored, handled, treated, generated on, or released or disposed of from, the Premises and setting forth any and all governmental approvals or permits required in connection with the presence, use, storage, handling, treatment, generation, release or disposal of such Hazardous Materials on or from the Premises (“**Hazardous Materials List**”). Tenant shall deliver to Landlord an updated Hazardous Materials List at least once a year listing all Hazardous Materials which Tenant is required to disclose to any Governmental Authority (e.g., the fire department) in connection with its use or occupancy of the Premises. Tenant shall deliver to Landlord true and correct copies of the following documents (the “**Haz Mat Documents**”) relating to the use, storage, handling, treatment, generation, release or disposal of Hazardous Materials prior to the Commencement Date, or if unavailable at that time, concurrent with the receipt from or submission to a Governmental Authority: permits; approvals; reports and correspondence; storage and management plans, notice of violations of any Legal Requirements; plans relating to the installation of any storage tanks to be installed in or under the Project (provided, said installation of tanks shall only be permitted after Landlord has given Tenant its written consent to do so, which consent may be withheld in Landlord’s sole and absolute discretion); all closure plans or any other documents required by any and all federal, state and local Governmental Authorities for any storage tanks installed in, on or under the Project for the closure of any such tanks; and a Surrender Plan (to the extent surrender in accordance with Section 28 cannot be accomplished in 3 months). Tenant is not required, however, to provide Landlord with any portion(s) of the Haz Mat Documents containing information of a proprietary nature which, in and of themselves, do not contain a reference to any Hazardous Materials or hazardous activities. It is not the intent of this Section to provide Landlord with information which could be detrimental to Tenant’s business should such information become possessed by Tenant’s competitors.

(c) **Tenant Representation and Warranty.** Tenant hereby represents and warrants to Landlord that (i) neither Tenant nor any of its legal predecessors has been required by any prior landlord, lender or Governmental Authority at any time to take remedial action in connection with Hazardous Materials contaminating a property which contamination was permitted by Tenant of such predecessor or resulted from Tenant’s or such predecessor’s action or use of the property in question, and (ii) Tenant is not subject to any enforcement order issued by any Governmental Authority in connection with the use, storage, handling, treatment, generation, release or disposal of Hazardous Materials (including, without limitation, any order related to the failure to make a required reporting to any Governmental Authority). If Landlord determines that this representation and warranty was not true as of the date of this Lease, Landlord shall have the right to terminate this Lease in Landlord’s sole and absolute discretion.

(d) **Testing.** Landlord shall have the right, upon reasonable advance notice to Tenant, to conduct annual tests of the Premises to determine whether any contamination of the Premises or the Project has occurred as a result of Tenant’s use. Tenant shall be required to pay the cost of such annual test of the Premises if there is violation of this Section 30 or if contamination for



which Tenant is responsible under this Section 30 is identified; provided, however, that if Tenant conducts its own tests of the Premises using third party contractors and test procedures acceptable to Landlord which tests are certified to Landlord, Landlord shall accept such tests in lieu of the annual tests to be paid for by Tenant. In addition, at any time, and from time to time, prior to the expiration or earlier termination of the Term, Landlord shall have the right to conduct appropriate tests of the Premises and the Project to determine if contamination has occurred as a result of Tenant's use of the Premises. In connection with such testing, upon the request of Landlord, Tenant shall deliver to Landlord or its consultant such non-proprietary information concerning the use of Hazardous Materials in or about the Premises by Tenant or any Tenant Party. If contamination has occurred for which Tenant is liable under this Section 30, Tenant shall pay all costs to conduct such tests. If no such contamination is found, Landlord shall pay the costs of such tests (which shall not constitute an Operating Expense). Landlord shall provide Tenant with a copy of all third party, non-confidential reports and tests of the Premises made by or on behalf of Landlord during the Term without representation or warranty and subject to a confidentiality agreement. Tenant shall, at its sole cost and expense, promptly and satisfactorily remediate any environmental conditions for which Tenant is responsible under this Section 30 identified by such testing in accordance with all Environmental Requirements. Landlord's receipt of or satisfaction with any environmental assessment in no way waives any rights which Landlord may have against Tenant. Tenant shall have the right to have a Tenant representative present while Landlord conducts tests in the Premises pursuant to this Section 30(d).

(e) **Control Areas.** Tenant shall be allowed to utilize up to its pro rata share of the Hazardous Materials inventory within any control area or zone (located within the Premises), as designated by the applicable building code, for chemical use or storage. As used in the preceding sentence, Tenant's pro rata share of any control areas or zones located within the Premises shall be determined based on the rentable square footage that Tenant leases within the applicable control area or zone. For purposes of example only, if a control area or zone contains 10,000 rentable square feet and 2,000 rentable square feet of a tenant's premises are located within such control area or zone (while such premises as a whole contains 5,000 rentable square feet), the applicable tenant's pro rata share of such control area would be 20%.

(f) **Underground Tanks.** If underground or other storage tanks storing Hazardous Materials located on the Premises or the Project are used by Tenant or are hereafter placed on the Premises or the Project by Tenant, Tenant shall install, use, monitor, operate, maintain, upgrade and manage such storage tanks, maintain appropriate records, obtain and maintain appropriate insurance, implement reporting procedures, properly close any underground storage tanks, and take or cause to be taken all other actions necessary or required under applicable state and federal Legal Requirements, as such now exists or may hereafter be adopted or amended in connection with the installation, use, maintenance, management, operation, upgrading and closure of such storage tanks.

(g) **Tenant's Obligations.** Tenant's obligations under this Section 30 shall survive the expiration or earlier termination of the Lease. During any period of time after the expiration or earlier termination of this Lease required by Tenant or Landlord to complete the removal from the Premises of any Hazardous Materials (including, without limitation, the release and termination of any licenses or permits restricting the use of the Premises and the completion of the approved Surrender Plan), Tenant shall continue to pay the full Rent in accordance with this Lease for any portion of the Premises not relet by Landlord in Landlord's sole discretion, which Rent shall be prorated daily.

(h) **Definitions.** As used herein, the term “**Environmental Requirements**” means all applicable present and future statutes, regulations, ordinances, rules, codes, judgments, orders or other similar enactments of any Governmental Authority regulating or relating to health, safety, or environmental conditions on, under, or about the Premises or the Project, or the environment, including without limitation, the following: the Comprehensive Environmental Response, Compensation and Liability Act; the Resource Conservation and Recovery Act; and all state and local counterparts thereto, and any regulations or policies promulgated or issued thereunder. As used herein, the term “**Hazardous Materials**” means and includes any substance, material, waste, pollutant, or contaminant listed or defined as hazardous or toxic, or regulated by reason of its impact or potential impact on humans, animals and/or the environment under any Environmental Requirements, asbestos and petroleum, including crude oil or any fraction thereof, natural gas liquids, liquefied natural gas, or synthetic gas usable for fuel (or mixtures of natural gas and such synthetic gas). As defined in Environmental Requirements, Tenant is and shall be deemed to be the “**operator**” of Tenant’s “**facility**” and the “**owner**” of all Hazardous Materials brought on the Premises by Tenant or any Tenant Party, and the wastes, by-products, or residues generated, resulting, or produced therefrom.

(i) **Disclosure.** Section 25359.7 of the California Health and Safety Code requires owners of nonresidential property who know or have reasonable cause to believe that a release of Hazardous Substances have come to be located on or beneath real property to provide written notice of that condition to a tenant of said real property. Landlord hereby notifies and informs Tenant that a release of Hazardous Substances may have come to be located on or beneath the Property. By Tenant’s execution of this Lease, Tenant (i) acknowledges Tenant’s receipt of the foregoing notice given pursuant to Section 25359.7 of the California Health and Safety Code and (ii) as of the date of this Lease and after receiving advice of Tenant’s legal counsel, waives any and all rights or remedies whatsoever, express, implied, statutory or by operation of law, Tenant may have against Landlord under Section 25359.7 of the California Health and Safety Code, including remedies for actual damages under Section 25359.7 of the California Health and Safety Code, arising out of or resulting from the Hazardous Materials disclosed to Tenant by this Lease (i.e., the Hazardous Materials that are the subject of the Contemplated Covenant).

31. **Tenant’s Remedies/Limitation of Liability.** Landlord shall not be in default hereunder unless Landlord fails to perform any of its obligations hereunder within 30 days after written notice from Tenant specifying such failure (unless such performance will, due to the nature of the obligation, require a period of time in excess of 30 days, then after such period of time as is reasonably necessary, so long as Landlord is diligently pursuing the cure to completion). Upon any default by Landlord, Tenant shall give notice by registered or certified mail to any Holder of a Mortgage covering the Premises and to any landlord of any lease of property in or on which the Premises are located and Tenant shall offer such Holder and/or landlord a reasonable opportunity to cure the default, including time to obtain possession of the Project by power of sale or a judicial action if such should prove necessary to effect a cure; provided Landlord shall have furnished to Tenant in writing the names and addresses of all such persons who are to receive such notices. All obligations of Landlord hereunder shall be construed as covenants, not conditions; and, except as may be otherwise expressly provided in this Lease, Tenant may not terminate this Lease for breach of Landlord’s obligations hereunder.

Notwithstanding the foregoing, if any claimed Landlord default hereunder will immediately, materially and adversely affect Tenant's ability to conduct its business in the Premises (a "**Material Landlord Default**"), Tenant shall, as soon as reasonably possible, but in any event within 5 business days of obtaining knowledge of such claimed Material Landlord Default, give Landlord written notice of such claim which notice shall specifically state that a Material Landlord Default exists and telephonic notice to Tenant's principal contact with Landlord. Landlord shall then have 2 business days to commence cure of such claimed Material Landlord Default and shall diligently prosecute such cure to completion. If Landlord fails to commence cure of any claimed Material Landlord Default as provided above, Tenant may commence and prosecute such cure to completion provided that it does not impact or adversely affect any other tenants at the Project, the Building structure or Common Areas, and shall be entitled to recover the costs of such cure (but not any consequential or other damages) from Landlord by way of reimbursement from Landlord with no right to offset against Rent, to the extent of Landlord's obligation to cure such claimed Material Landlord Default hereunder, subject to the limitations set forth in the immediately following sentence of this paragraph and the other provisions of this Lease. If such claimed Material Landlord Default is not a default by Landlord hereunder, or if Tenant failed to give Landlord the notice required hereunder prior to commencing Tenant's cure of any alleged Material Landlord Default, Landlord shall be entitled to recover from Tenant, as Additional Rent, any costs incurred by Landlord in connection with such cure in excess of the costs, if any, that Landlord would otherwise have been liable to pay hereunder.

All obligations of Landlord under this Lease will be binding upon Landlord only during the period of its ownership of the Premises and not thereafter. The term "**Landlord**" in this Lease shall mean only the owner for the time being of the Premises. Upon the transfer by such owner of its interest in the Premises and assumption of this Lease by the transferee, such owner shall thereupon be released and discharged from all obligations of Landlord thereafter accruing, but such obligations shall be binding during the Term upon each new owner for the duration of such owner's ownership.

**32. Inspection and Access.** Landlord and its agents, representatives, and contractors may enter the Premises at any reasonable time to inspect the Premises (which inspections shall be performed during regular business hours unless otherwise agreed to by Tenant) and to make such repairs as may be required or permitted pursuant to this Lease and for any other business purpose. Landlord and Landlord's representatives may enter the Premises during business hours on not less than 48 hours advance written notice (except in the case of emergencies in which case no such notice shall be required and such entry may be at any time) for the purpose of effecting any such repairs, inspecting the Premises, showing the Premises to prospective purchasers and, during the last year of the Term, to prospective tenants or for any other business purpose. Landlord shall use reasonable efforts to minimize interference with Tenant's operations in the Premises in connection with Landlord's activities conducted pursuant to this paragraph. Landlord may erect a suitable sign on the Premises stating the Premises are available to let or that the Project is available for sale. Landlord may grant easements, make public dedications, designate Common Areas and create restrictions on or about the Premises, provided that no such easement, dedication, designation or restriction materially, adversely affects Tenant's use or occupancy of the Premises for the Permitted Use or Tenant's parking rights under this Lease. At Landlord's request, Tenant shall execute such instruments as may be necessary for such easements, dedications or restrictions.

Tenant shall at all times, except in the case of emergencies, have the right to escort Landlord or its agents, representatives, contractors or guests while the same are in the Premises, provided such escort does not materially and adversely affect Landlord's access rights hereunder. Landlord shall use reasonable efforts to comply with Tenant's reasonable security, confidentiality and safety requirements; provided, however, that Tenant has notified Landlord of such security, confidentiality and safety requirements prior to Landlord's entry into the Premises. Notwithstanding anything to the contrary contained herein, Tenant acknowledges and agrees that (i) Landlord has advised Tenant that Landlord is in the process of preparing and negotiating a covenant to restrict the use of the Project (and environmental restriction)(the "**Contemplated Covenant**") and Landlord has provided Tenant with a copy of a draft of the same (which remains subject to additions and changes before the same is finalized) and (ii) Landlord has the right to record the final version of such covenant and the provisions of the same shall be binding on the Project and all occupants and tenants. Upon Landlord's execution of the covenant, Landlord shall comply with all of its obligations under the covenant and shall not pass through to Tenant (as part of Operating Expenses or otherwise) any costs incurred by Landlord in connection with such compliance.

33. **Security.** Tenant acknowledges and agrees that security devices and services, if any, while intended to deter crime may not in given instances prevent theft or other criminal acts and that Landlord is not providing any security services with respect to the Premises. Tenant agrees that Landlord shall not be liable to Tenant for, and Tenant waives any claim against Landlord with respect to, any loss by theft or any other damage suffered or incurred by Tenant in connection with any unauthorized entry into the Premises or any other breach of security with respect to the Premises. Tenant shall be solely responsible for the personal safety of Tenant's officers, employees, agents, contractors, guests and invitees while any such person is in, on or about the Premises and/or the Project. Tenant shall at Tenant's cost obtain insurance coverage to the extent Tenant desires protection against such criminal acts.

34. **Force Majeure.** Except for the payment of Rent, neither Tenant nor Landlord shall be responsible or liable for delays in the performance of its obligations hereunder when caused by, related to, or arising out of acts of God, sinkholes or subsidence, strikes, lockouts, or other labor disputes, embargoes, quarantines, extreme weather, national, regional, or local disasters, calamities, or catastrophes, inability to obtain labor or materials (or reasonable substitutes therefor) at reasonable costs or failure of, or inability to obtain, utilities necessary for performance, governmental restrictions, orders, limitations, regulations, or controls, national emergencies, delay in issuance or revocation of permits (including, without limitation, any time periods beyond customary time periods allocated by Landlord to obtain any permits required from Governmental Authorities in connection with Landlord's Work), enemy or hostile governmental action, terrorism, insurrection, riots, civil disturbance or commotion, fire or other casualty, and other similar causes or events beyond the reasonable control of such party ("**Force Majeure**").

35. **Brokers.** Landlord and Tenant each represents and warrants that it has not dealt with any broker, agent or other person (collectively, "**Broker**") in connection with this transaction and that no Broker brought about this transaction, other than Jones Lang LaSalle and Cassidy Turley. Landlord and Tenant each hereby agrees to indemnify and hold the other harmless from and against any claims by any Broker, other than the broker, if any named in this Section 35, claiming a commission or other form of compensation by virtue of having dealt with Tenant or

Landlord, as applicable, with regard to this leasing transaction. Landlord shall be responsible for all fees of Jones Lang LaSalle and Cassidy Turley arising out of the execution of this Lease in accordance with the terms of separate written agreement between Landlord, on the one hand, and Jones Lang LaSalle and Cassidy Turley, respectively, on the other hand.

**36. Limitation on Landlord's Liability.** NOTWITHSTANDING ANYTHING SET FORTH HEREIN OR IN ANY OTHER AGREEMENT BETWEEN LANDLORD AND TENANT TO THE CONTRARY: (A) LANDLORD SHALL NOT BE LIABLE TO TENANT OR ANY OTHER PERSON FOR (AND TENANT AND EACH SUCH OTHER PERSON ASSUME ALL RISK OF) LOSS, DAMAGE OR INJURY, WHETHER ACTUAL OR CONSEQUENTIAL TO: TENANT'S PERSONAL PROPERTY OF EVERY KIND AND DESCRIPTION, INCLUDING, WITHOUT LIMITATION TRADE FIXTURES, EQUIPMENT, INVENTORY, SCIENTIFIC RESEARCH, SCIENTIFIC EXPERIMENTS, LABORATORY ANIMALS, PRODUCT, SPECIMENS, SAMPLES, AND/OR SCIENTIFIC, BUSINESS, ACCOUNTING AND OTHER RECORDS OF EVERY KIND AND DESCRIPTION KEPT AT THE PREMISES AND ANY AND ALL INCOME DERIVED OR DERIVABLE THEREFROM; (B) ANY LIABILITY OF LANDLORD HEREUNDER SHALL BE STRICTLY LIMITED SOLELY TO LANDLORD'S INTEREST IN THE PROJECT OR ANY PROCEEDS FROM SALE OR CONDEMNATION THEREOF AND ANY INSURANCE PROCEEDS PAYABLE IN RESPECT OF LANDLORD'S INTEREST IN THE PROJECT OR IN CONNECTION WITH ANY SUCH LOSS; AND (C) IN NO EVENT SHALL ANY PERSONAL LIABILITY BE ASSERTED AGAINST LANDLORD IN CONNECTION WITH THIS LEASE NOR SHALL ANY RECOURSE BE HAD TO ANY OTHER PROPERTY OR ASSETS OF LANDLORD OR ANY OF LANDLORD'S OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR CONTRACTORS. UNDER NO CIRCUMSTANCES SHALL LANDLORD OR ANY OF LANDLORD'S OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR CONTRACTORS BE LIABLE FOR INJURY TO TENANT'S BUSINESS OR FOR ANY LOSS OF INCOME OR PROFIT THEREFROM.

**37. Severability.** If any clause or provision of this Lease is illegal, invalid or unenforceable under present or future laws, then and in that event, it is the intention of the parties hereto that the remainder of this Lease shall not be affected thereby. It is also the intention of the parties to this Lease that in lieu of each clause or provision of this Lease that is illegal, invalid or unenforceable, there be added, as a part of this Lease, a clause or provision as similar in effect to such illegal, invalid or unenforceable clause or provision as shall be legal, valid and enforceable.

**38. Signs; Exterior Appearance.** Tenant shall not, without the prior written consent of Landlord, which may be granted or withheld in Landlord's reasonable discretion: (i) attach any awnings, exterior lights, decorations, balloons, flags, pennants, banners, painting or other projection to any outside wall of the Project, (ii) use any curtains, blinds, shades or screens visible from the outside of the Premises other than Landlord's standard window coverings, (iii) coat or otherwise sunscreen the interior or exterior of any windows, (iv) place any bottles, parcels, or other articles on the window sills, (v) place any equipment, furniture or other items of personal property on any exterior balcony, or (vi) paint, affix or exhibit on any part of the Premises or the Project any signs, notices, window or door lettering, placards, decorations, or advertising media of any type which can be viewed from the exterior of the Premises. Interior signs on doors and the directory tablet shall be inscribed, painted or affixed for Tenant by Landlord at the sole cost and expense of Tenant, and shall be of a size, color and type reasonably acceptable to Landlord. Nothing may be placed on the exterior of corridor walls or corridor doors other than Landlord's standard lettering.

Tenant shall have the exclusive right to display, at Tenant's cost and expense, signs bearing Tenant's name and/or logo at locations on the top of the Building selected by Tenant and reasonably acceptable to Landlord, in Landlord's reasonable discretion, as more particularly depicted on **Exhibit G**. Tenant's signage rights with respect to the Project Monument Sign and building top sign may be transferred in connection with any Permitted Assignment. Notwithstanding the foregoing, Tenant acknowledges and agrees that Tenant's signage on the Building including, without limitation, the size, color and type, shall be subject to Landlord's prior written approval, which shall not be unreasonably withheld, shall be consistent with Landlord's signage program at the Project and shall be subject to any and all other required approvals and applicable Legal Requirements. Tenant shall be responsible, at Tenant's sole cost and expense, for the maintenance of Tenant's signs, for the removal of Tenant's signs at the expiration or earlier termination of this Lease and for the repair all damage resulting from such removal.

Tenant shall, at Tenant's sole cost and expense, have the non-exclusive right to install a sign bearing Tenant's name on the Monument Sign serving the Project ("**Monument Sign**") as more particularly depicted on **Exhibit G**. Tenant acknowledges and agrees that Tenant's signage on the Monument Sign including, without limitation, the location, size, color and type shall be subject to Landlord's prior written approval, which shall not be unreasonably withheld, shall be subject to and consistent with Landlord's signage program at the Project and shall be subject to any and all other required approvals and applicable Legal Requirements. Tenant shall be responsible, at Tenant's sole cost and expense, for the maintenance of Tenant's signage on the Monument Sign, for the removal of Tenant's signage from the Monument Sign at the expiration or earlier termination of this Lease and for the repair of all damage resulting from such removal. Tenant may alter Tenant's signage on the Monument Sign or building top sign from time to time, subject to the reasonable consent of Landlord and otherwise in compliance with the terms and conditions of this Section 38. Tenant may use the TI Allowance to fund any signage to which it is entitled pursuant to this Section 38.

**39. Right to Extend Term.** Tenant shall have the right to extend the Term of the Lease upon the following terms and conditions:

(a) **Extension Rights.** Tenant shall have 2 consecutive rights (each, an "**Extension Right**") to extend the term of this Lease for 5 years each (each, an "**Extension Term**") on the same terms and conditions as this Lease (other than with respect to Base Rent and the Work Letter) by giving Landlord written notice of its election to exercise each Extension Right at least 9 months prior, and no earlier than 12 months prior, to the expiration of the Base Term of the Lease or the expiration of any prior Extension Term.

Upon the commencement of any Extension Term, Base Rent shall be payable at the Market Rate (as defined below). Base Rent shall thereafter be adjusted on each annual anniversary of the commencement of such Extension Term by a percentage as determined by Landlord and agreed to by Tenant at the time the Market Rate is determined. As used herein, "**Market Rate**" shall mean the rate that comparable landlords of comparable buildings have accepted in current transactions from non-equity (i.e., not being offered equity in the buildings) and nonaffiliated tenants of similar financial strength for space of

comparable size, quality (including all Tenant Improvements, Alterations and other improvements) and floor height in Class A laboratory/office buildings in the Torrey Pines area for a comparable term, with the determination of the Market Rate to take into account all relevant factors, including tenant inducements, percentage of laboratory and office space, views, project amenities (and, for the avoidance of any doubt, Tenant shall continue to be required to pay a separate Amenities Fee in an amount to be determined when the Market Rate is determined; provided, however, that in no event shall such Amenities Fee be less than the Amenities Fee being paid by Tenant immediately prior to the applicable Extension Term), parking and parking costs, leasing commissions, allowances or concessions, if any. In lieu of Tenant being required to pay a separate parking charge for parking during any Extension Term, the market rate being charged in the Torrey Pines area at comparable projects to the Project for parking spaces comparable to the parking spaces being provided to Tenant during the applicable Extension Term shall be determined as part of the Market Rate and added to the Base Rent which Tenant is required to pay during the applicable Extension Term.

If, on or before the date which is 180 days prior to the expiration of the Base Term of this Lease or, if applicable, the expiration of the first Extension Term, Tenant has not agreed with Landlord's determination of the Market Rate and the rent escalations during the applicable Extension Term after negotiating in good faith, Tenant shall be deemed to have elected arbitration as described in Section 49(b). Tenant acknowledges and agrees that, if Tenant has elected to exercise the Extension Right by delivering notice to Landlord as required in this Section 39(a), Tenant shall have no right thereafter to rescind or elect not to extend the term of the Lease for the Extension Term.

**(b) Arbitration.**

(i) Within 10 days of Tenant's notice to Landlord of its election (or deemed election) to arbitrate Market Rate and escalations, each party shall deliver to the other a proposal containing the Market Rate and escalations that the submitting party believes to be correct ("**Extension Proposal**"). If either party fails to timely submit an Extension Proposal, the other party's submitted proposal shall determine the Base Rent and escalations for the Extension Term. If both parties submit Extension Proposals, then Landlord and Tenant shall meet within 7 days after delivery of the last Extension Proposal and make a good faith attempt to mutually appoint a single Arbitrator (and defined below) to determine the Market Rate and escalations. If Landlord and Tenant are unable to agree upon a single Arbitrator, then each shall, by written notice delivered to the other within 10 days after the meeting, select an Arbitrator. If either party fails to timely give notice of its selection for an Arbitrator, the other party's submitted proposal shall determine the Base Rent for the Extension Term. The 2 Arbitrators so appointed shall, within 5 business days after their appointment, appoint a third Arbitrator. If the 2 Arbitrators so selected cannot agree on the selection of the third Arbitrator within the time above specified, then either party, on behalf of both parties, may request such appointment of such third Arbitrator by application to any state court of general jurisdiction in the jurisdiction in which the Premises are located, upon 10 days prior written notice to the other party of such intent.

(ii) The decision of the Arbitrator(s) shall be made within 30 days after the appointment of a single Arbitrator or the third Arbitrator, as applicable. The decision of the single Arbitrator shall be final and binding upon the parties. The average of the two closest Arbitrators in a three Arbitrator panel shall be final and binding upon the parties. Each party shall pay the fees and expenses of the Arbitrator appointed by or on behalf of such party and the fees and expenses of the third Arbitrator shall be borne equally by both parties. If the Market Rate and escalations are not determined by the first day of the

Extension Term, then Tenant shall pay Landlord Base Rent in an amount equal to the Base Rent in effect immediately prior to the Extension Term and increased by the Rent Adjustment Percentage until such determination is made. After the determination of the Market Rate and escalations, the parties shall make any necessary adjustments to such payments made by Tenant. Landlord and Tenant shall then execute an amendment recognizing the Market Rate and escalations for the Extension Term.

(iii) An "**Arbitrator**" shall be any person appointed by or on behalf of either party or appointed pursuant to the provisions hereof and:

(i) shall be (A) a member of the American Institute of Real Estate Appraisers with not less than 10 years of experience in the appraisal of improved office and high tech industrial real estate in the Torrey Pines area of San Diego, or (B) a licensed commercial real estate broker with not less than 15 years experience representing landlords and/or tenants in the leasing of high tech or life sciences space in the Torrey Pines area of San Diego, (ii) devoting substantially all of their time to professional appraisal or brokerage work, as applicable, at the time of appointment and (iii) be in all respects impartial and disinterested.

(c) **Rights Personal.** Extension Rights are personal to Tenant and are not assignable without Landlord's consent, which may be granted or withheld in Landlord's sole discretion separate and apart from any consent by Landlord to an assignment of Tenant's interest in the Lease, except that they may be assigned in connection with any Permitted Assignment of this Lease.

(d) **Exceptions.** Notwithstanding anything set forth above to the contrary, Extension Rights shall, at Landlord's option, not be in effect and Tenant may not exercise any of the Extension Rights:

(i) during any period of time that Tenant is in Default under any provision of this Lease; or

(ii) if Tenant has been in Default under any provision of this Lease 3 or more times, whether or not the Defaults are cured, during the 12 month period immediately prior to the date that Tenant intends to exercise an Extension Right, whether or not the Defaults are cured.

(e) **No Extensions.** The period of time within which any Extension Rights may be exercised shall not be extended or enlarged by reason of Tenant's inability to exercise the Extension Rights.

(f) **Termination.** The Extension Rights shall, at Landlord's option, terminate and be of no further force or effect even after Tenant's due and timely exercise of an Extension Right, if, after such exercise, but prior to the commencement date of an Extension Term, (i) Tenant fails to timely cure any default by Tenant under this Lease; or (ii) Tenant has Defaulted 3 or more times during the period from the date of the exercise of an Extension Right to the date of the commencement of the Extension Term, whether or not such Defaults are cured.



#### 40. Community Center Amenities.

(a) **Generally.** Subject to the provisions of this Section 40, Landlord's affiliate, ARE-SD Region No. 17, LLC, a Delaware limited liability company ("**Torreyana Landlord**") may construct amenities at the property owned by Torreyana Landlord located at 10996 Torreyana Road, San Diego, California ("**Torreyana Project**"), which include, without limitation, shared conference facilities ("**Shared Conference Facilities**"), a fitness center and restaurant (collectively, the "**Amenities**") for non-exclusive use by (a) Tenant, (b) other tenants of the Project, (c) Landlord, (d) the tenants of Torreyana Landlord, (e) Torreyana Landlord, (e) other affiliates of Landlord, Torreyana Landlord and Alexandria Real Estate Equities, Inc. ("**ARE**"), (f) the tenants of such other affiliates of Landlord, Torreyana Landlord and ARE, and (g) any other parties permitted by Torreyana Landlord (collectively, "**Users**"). Landlord, Torreyana Landlord, ARE, and all affiliates of Landlord, Torreyana and ARE may be referred to collectively herein as the "**ARE Parties**." Notwithstanding anything to the contrary contained herein, Tenant acknowledges and agrees that (i) Torreyana Landlord is in the preliminary phase of design and development of the Amenities and does not currently have and may not be able to obtain the governmental approvals necessary for the development and construction of the Amenities, (ii) Torreyana Landlord's construction of the Amenities is subject to, among other things, Torreyana Landlord's ability to obtain, on terms and conditions acceptable to Torreyana Landlord in its sole and absolute discretion, all of the governmental approvals to permit the design and construction of the Amenities, and the availability of materials and labor and all other conditions outside of Torreyana Landlord's reasonable control, and (iii) Torreyana Landlord shall have the right, at the sole discretion of Torreyana Landlord, to construct any Amenities desired by Torreyana Landlord at the Torreyana Project but not make such constructed Amenities available for use by some or all currently contemplated Users (provided that such Amenities will be made available to Tenant so long as they are made generally available to the other tenants of Landlord's affiliates in the Torrey Pines area). Torreyana Landlord shall have the sole right to determine all matters related to the Amenities including, without limitation, relating to the design and construction thereof; provided, however, that the Amenities will, if provided, be of a Class A standard and will include, at a minimum, a fitness center, Shared Conference Facility and eatery. If the Amenities are made available for use by Tenant, if at all, Tenant shall have the right, at a minimum, to use the fitness center, the Shared Conference Facility and the eatery. Tenant acknowledges and agrees that Landlord has not made any representations or warranties regarding the development of any of the Amenities and that Tenant is not entering into this Lease relying on the construction and completion of the Amenities or with an expectation that the Amenities will ever be constructed or made available to Tenant. Subject to the provisions of this Section 40, Landlord shall endeavor to cause the Amenities Commencement Date to occur prior to the Commencement Date.

(b) **License.** Following the delivery of written notice from Landlord to Tenant that the Amenities are available for use by Tenant ("**Amenity Availability Notice**"), if at all, and so long as the Torreyana Project and the Project continue to be owned by affiliates of ARE, Tenant shall have the non-exclusive right to the use of the available Amenities with 2 passes to the fitness center per 1,000 rentable square feet of the Premises (so long the persons using such passes are employed at the Premises) in common with other Users pursuant to the terms of this Section 40. If Landlord delivers an Amenity Availability Notice to Tenant, Tenant shall, upon the date ("**Amenities Commencement Date**") set forth in the Amenity Availability Notice (provided that Tenant is actually permitted to commence using the Amenities as of such date), commence paying Landlord

a fixed fee during the Base Term equal to \$0.18 per rentable square foot of the Premises per month (“**Amenities Fee**”), which Amenities Fee shall be payable on the first day of each month during the Term whether or not Tenant elects to use any or all of the Amenities. The Amenities Fee shall be increased annually on each anniversary of the Amenities Commencement Date by the Rent Adjustment Percentage. In the event that the Amenities are not constructed or if they are constructed but not made available for use by Tenant, Tenant shall have no right to use the Amenities, if any, nor shall Tenant be required to pay the Amenities Fee.

(c) **Shared Conference Facilities.** Use by Tenant of the Shared Conference Facilities and restaurant at the Torreyana Project shall be in common with other Users with scheduling procedures reasonably determined by Torreyana Landlord. Torreyana Landlord reserves the right to exercise its reasonable discretion in the event of conflicting scheduling requests among Users.

Any vendors engaged by Tenant in connection with Tenant’s use of the Shared Conference Facilities shall be professional licensed vendors. Torreyana Landlord shall have the right to reasonably approve any vendors utilized by Tenant in connection with Tenant’s use of the Shared Conference Facilities. Prior to any entry by any such vendor onto the Torreyana Project, Tenant shall deliver to Landlord a copy of the contract between Tenant and such vendor and certificates of insurance from such vendor evidencing industry standard commercial general liability, automotive liability, and workers’ compensation insurance. Tenant shall cause all such vendors utilized by Tenant to provide a certificate of insurance naming Landlord, ARE, and Torreyana Landlord as additional insureds under the vendor’s liability policies. Notwithstanding the foregoing, Tenant shall be required to use the food service operator used by Torreyana Landlord at the Torreyana Project for any food service or catered events held by Tenant in the Shared Conference Facilities.

Tenant shall, at Tenant’s sole cost and expense, (i) be responsible for the set-up of the Shared Conference Facilities in connection with Tenant’s use (including, without limitation ensuring that Tenant has a sufficient number of chairs and tables and the appropriate equipment), and (ii) surrender the Shared Conference Facilities after each time that Tenant uses the Shared Conference Facilities free of Tenant’s personal property, in substantially the same set up and same condition as received, subject to casualty, and free of any debris and trash. If Tenant fails to restore and surrender the Shared Conference Facilities as required by sub-section (ii) of the immediately preceding sentence, such failure shall constitute a “**Shared Facilities Default.**” Each time that Landlord reasonably determines that Tenant has committed a Shared Facilities Default, Tenant shall be required to pay Landlord a penalty within 5 days after notice from Landlord of such Shared Facilities Default. The penalty payable by Tenant in connection with the first Shared Facilities Default shall be \$200. The penalty payable shall increase by \$50 for each subsequent Shared Facilities Default (for the avoidance of doubt, the penalty shall be \$250 for the second Shared Facilities Default, shall be \$300 for the third Shared Facilities Default, etc.). In addition to the foregoing, Tenant shall be responsible for reimbursing Torreyana Landlord or Landlord, as applicable, for all costs expended by Torreyana Landlord or Landlord, as applicable, in repairing any damage to the Shared Conference Facilities, the Amenities, or the Torreyana Project caused by Tenant or any Tenant Related Party. The provisions of this Section 40(c) shall survive the expiration or earlier termination of this Lease.

(d) **Rules and Regulations.** Tenant shall be solely responsible for paying for any and all ancillary services (e.g., audio visual equipment) provided to Tenant, all food services operators and any other third party vendors providing services to Tenant at the Torreyana Project. Tenant shall use the Amenities (including, without limitation, the Shared Conference Facilities) in compliance with all applicable Legal Requirements and any reasonable rules and regulations imposed by Torreyana Landlord or Landlord from time to time (which rules shall not be enforced in a discriminatory manner) and in a manner that will not interfere with the rights of other Users. The use of Amenities other than the Shared Conference Facilities by employees of Tenant shall be in accordance with the terms and conditions of the standard licenses, indemnification and waiver agreement required by Torreyana Landlord or the operator of the Amenities to be executed by all persons wishing to use such Amenities. Neither Torreyana Landlord nor Landlord (nor, if applicable, any other affiliate of Landlord) shall have any liability or obligation for the breach of any rules or regulations by other Users with respect to the Amenities. Tenant shall not make any alterations, additions, or improvements of any kind to the Shared Conference Facilities, the Amenities or the Torreyana Project.

Tenant acknowledges and agrees that Torreyana Landlord shall have the right at any time and from time to time to reconfigure, relocate, modify or remove any of the Amenities at the Torreyana Project and/or to revise, expand or discontinue any of the services (if any) provided in connection with the Amenities; provided, however, that, subject to the other provisions of this Section 40, the Amenities shall, during the Base Term, contain shared conference facilities, a fitness center and restaurant.

(e) **Waiver of Liability and Indemnification.** Tenant warrants that it will use reasonable care to prevent damage to property and injury to persons while on the Torreyana Project. To the extent permitted by applicable law, Tenant waives any claims it or any Tenant Parties may have against any ARE Parties relating to, arising out of or in connection with the Amenities and any entry by Tenant and/or any Tenant Parties onto the Torreyana Project, and Tenant releases and exculpates all ARE Parties from any liability relating to, arising out of or in connection with the Amenities and any entry by Tenant and/or any Tenant Parties onto the Torreyana Project. Except to the extent caused by the negligence of any ARE Party, Tenant hereby agrees to indemnify, defend, and hold harmless the ARE Parties from any claim of damage to property or injury to person relating to, arising out of or in connection with (i) the use of the Amenities by Tenant or any Tenant Parties, and (ii) any entry by Tenant and/or any Tenant Parties onto the Torreyana Project. The provisions of this Section 40 shall survive the expiration or earlier termination of this Lease.

(f) **Insurance.** As of the Amenities Commencement Date, Tenant shall cause Torreyana Landlord to be named as an additional insured under the commercial general liability policy of insurance that Tenant is required to maintain pursuant to Section 17 of this Lease.

41. **LEED Certification.** Tenant agrees to reasonably cooperate with Landlord and to use commercially reasonable efforts to comply with measures reasonably implemented by Landlord with respect to the Building and/or the Project in connection with Landlord's efforts, if any, to obtain a Leadership in Energy and Environmental Design (LEED) certificate for the Project, provided that such cooperation and efforts shall be at no material additional cost to Tenant. Tenant shall have the right (but not the obligation), at Tenant's sole cost and expense, to pursue LEED certification of the Tenant Improvements.

42. **Emergency Generator.** Subject to Tenant complying with all of the provisions of this Lease including without limitation, Section 12 hereof, and all applicable Legal Requirements and Landlord's rules and regulations, Tenant shall have the right to install one emergency generator not greater than 750 Kw (the "**Emergency Generator**") in a location reasonably acceptable to Landlord and Tenant ("**Generator Area**"), together with all utility and other connections required to connect the emergency Generator to the Premises. Tenant shall have all of the obligations under this Lease with respect to the Generator Area as though the Generator Area were part of the Premises including, without limitation, the delivery of a Surrender Plan with respect to the Generator Area pursuant to Section 28. All such improvements to the Generator Area shall be of a design and type and with screening and landscaping acceptable to Landlord, in Landlord's reasonable discretion. Tenant may elect to remove the Emergency Generator upon the expiration of the Term if the same has not been paid for out the TI Allowance; provided, however, that in the event Tenant does not elect (or is not permitted) to remove the Emergency Generator Landlord shall have the right, in its sole and absolute discretion, to require Tenant to remove any such Emergency Generator installed by Tenant. If the Emergency Generator is removed by Tenant, Tenant will restore the Generator Area to its original use and condition (provided that Tenant will not be required to demolish any concrete pad or remove any electrical lines or conduit connecting the pad to the Premises so long as it is left in a condition that a subsequent user can use such items. Notwithstanding anything to the contrary contained herein, Tenant shall surrender the Generator Area free of any debris and trash and free of any Hazardous Materials upon the expiration or earlier termination of the Term. Landlord shall have no obligation to make any repairs or improvements to the Emergency Generator or the Generator Area and Tenant shall maintain the same, at Tenant's sole cost and expense, in good repair and condition during the Term as though the same were part of the Premises.

43. **Roof Equipment.** Tenant shall have the right, at its sole cost and expense, subject to compliance with all Legal Requirements including, without limitation, any height restrictions applicable to the Building, to install, maintain, and remove on the top of the roof of the Building, in a location designated by Landlord, one satellite dish or antenna for the transmission or reception of communication signals to the extent reasonably necessary to support Tenant's operations within the Premises, including ancillary cabling to connect such equipment to the Premises ("**Satellite Equipment**") on the following terms and conditions:

(a) **Requirements.** Tenant shall submit to Landlord (i) the plans and specifications for the installation of the Satellite Equipment, (ii) copies of all required governmental and quasi-governmental permits, licenses, and authorizations that Tenant will and must obtain at its own expense, with the cooperation of Landlord, if necessary for the installation and operation of the Satellite Equipment, and (iii) an insurance policy or certificate of insurance evidencing insurance coverage as required by this Lease and any other insurance as reasonably required by Landlord for the installation and operation of the Satellite Equipment. Landlord shall not unreasonably withhold or delay its approval for the installation and operation of the Satellite Equipment; provided, however, that Landlord may reasonably withhold its approval if the installation or operation of the Satellite Equipment (A) may damage the structural integrity of the Building, (B) may void, terminate, or invalidate any applicable roof warranty, (C) may interfere with any service provided by Landlord or any tenant of the Project, (D) may reduce the leasable space in the Building on which Tenant would otherwise be paying Base Rent, or (E) is not properly screened from the viewing public.

(b) **No Damage to Roof.** If installation of the Satellite Equipment requires Tenant to make any roof cuts or perform any other roofing work, such cuts shall only be made to the roof area of the Building designated in writing by Landlord and only in the manner designated in writing by Landlord; and any such installation work (including any roof cuts or other roofing work) shall be performed by Tenant, at Tenant's sole cost and expense by a roofing contractor designated by Landlord. If Tenant or its agents shall otherwise cause any damage to the roof during the installation, operation, and removal of the Satellite Equipment such damage shall be repaired promptly at Tenant's expense and the roof shall be restored in the same condition it was in before the damage. Landlord shall not charge Tenant Additional Rent for the installation and use of the Satellite Equipment. If, however, Landlord's insurance premium or Tax assessment increases as a result of the Satellite Equipment, Tenant shall pay such increase as Additional Rent within 10 after receipt of a reasonably detailed invoice from Landlord. Tenant shall not be entitled to any abatement or reduction in the amount of Rent payable under this Lease if for any reason Tenant is unable to use the Satellite Equipment. In no event whatsoever shall the installation, operation, maintenance, or removal of the Satellite Equipment by Tenant or its agents void, terminate, or invalidate any applicable roof warranty.

(c) **Protection.** The installation, operation, and removal of the Satellite Equipment shall be at Tenant's sole risk. Tenant shall indemnify, defend, and hold Landlord harmless from and against any and all claims, costs, damages, liabilities and expenses (including, but not limited to, attorneys' fees) of every kind and description that may arise out of or be connected in any way with Tenant's installation, operation, or removal of the Satellite Equipment.

(d) **Removal.** At the expiration or earlier termination of this Lease or the discontinuance of the use of the Satellite Equipment by Tenant, Tenant shall, at its sole cost and expense, remove the Satellite Equipment from the Building. Tenant shall leave the portion of the roof where the Satellite Equipment was located in good order and repair, reasonable wear and tear excepted. If Tenant does not so remove the Satellite Equipment, Tenant hereby authorizes Landlord to remove and dispose of the Satellite Equipment and charge Tenant as Additional Rent for all costs and expenses incurred by Landlord in such removal and disposal. Tenant agrees that Landlord shall not be liable for any Satellite Equipment or related property disposed of or removed by Landlord.

(e) **No Interference.** The Satellite Equipment shall not interfere with the proper functioning of any telecommunications equipment or devices that installed by Landlord or for any other tenant of the Project.

(f) **Relocation.** Landlord shall have the right, at its expense and after 60 days prior notice to Tenant, to relocate the Satellite Equipment to another site on the roof of the Building as long as such site reasonably meets Tenant's sight line and interference requirements and does not unreasonably interfere with Tenant's use and operation of the Satellite Equipment.

(g) **Access.** Landlord grants to Tenant the right of ingress and egress on a 24 hour 7 day per week basis to install, operate, and maintain the Satellite Equipment. Before receiving access to the roof of the Building, Tenant shall give Landlord at least 24 hours' advance written or oral notice, except in emergency situations, in which case 2 hours' advance oral notice shall be given by Tenant. Landlord shall supply Tenant with the name, telephone, and pager numbers of the contact individual(s) responsible for providing access during emergencies.

(h) **Appearance.** If permissible by Legal Requirements, the Satellite Equipment shall be painted the same color as the Building so as to render the Satellite Equipment virtually invisible from ground level.

(i) **No Assignment.** The right of Tenant to use and operate the Satellite Equipment shall be personal solely to Tenant and any assignee subject to a Permitted Assignment, and (i) no other person or entity shall have any right to use or operate the Satellite Equipment, and (ii) Tenant shall not assign, convey, or otherwise transfer to any person or entity any right, title, or interest in all or any portion of the Satellite Equipment or the use and operation thereof, other than in connection with a Permitted Assignment.

#### 44. Miscellaneous.

(a) **Notices.** All notices or other communications between the parties shall be in writing and shall be deemed duly given upon delivery or refusal to accept delivery by the addressee thereof if delivered in person, or upon actual receipt if delivered by reputable overnight guaranty courier, addressed and sent to the parties at their addresses set forth above. Landlord and Tenant may from time to time by written notice to the other designate another address for receipt of future notices.

(b) **Joint and Several Liability.** If and when included within the term "**Tenant**," as used in this instrument, there is more than one person or entity, each shall be jointly and severally liable for the obligations of Tenant.

(c) **Financial Information.** Tenant shall furnish Landlord with true and complete copies of (i) Tenant's most recent audited annual financial statements within 90 days of the end of each of Tenant's fiscal years during the Term, (ii) Tenant's most recent unaudited quarterly financial statements within 45 days of the end of each of Tenant's first three fiscal quarters of each of Tenant's fiscal years during the Term, (iii) at Landlord's request from time to time, updated business plans, including cash flow projections and/or pro forma balance sheets and income statements, all of which shall be treated by Landlord as confidential information belonging to Tenant, (iv) corporate brochures and/or profiles prepared by Tenant for prospective investors, and (v) any other financial information or summaries that Tenant typically provides to its lenders or shareholders. So long as Tenant is a "public company" and its financial information is publicly available, then the foregoing delivery requirements of this Section 44(c) shall not apply.

(d) **Recordation.** Neither this Lease nor a memorandum of lease shall be filed by or on behalf of Tenant in any public record. Landlord may prepare and file, and upon request by Landlord Tenant will execute, a memorandum of lease. Nothing contained in this Lease is intended to prohibit Tenant from filing this Lease to the extent that Tenant is required to do so pursuant to applicable SEC requirements; provided, however that Tenant shall seek confidential treatment from the SEC with respect to certain information contained in this Lease if requested to do so by Landlord at the time this Lease is executed.

(e) **Interpretation.** The normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Lease or any exhibits or amendments hereto. Words of any gender used in this Lease shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, unless the context otherwise requires. The captions inserted in this Lease are for convenience only and in no way define, limit or otherwise describe the scope or intent of this Lease, or any provision hereof, or in any way affect the interpretation of this Lease.

(f) **Not Binding Until Executed.** The submission by Landlord to Tenant of this Lease shall have no binding force or effect, shall not constitute an option for the leasing of the Premises, nor confer any right or impose any obligations upon either party until execution of this Lease by both parties.

(g) **Limitations on Interest.** It is expressly the intent of Landlord and Tenant at all times to comply with applicable law governing the maximum rate or amount of any interest payable on or in connection with this Lease. If applicable law is ever judicially interpreted so as to render usurious any interest called for under this Lease, or contracted for, charged, taken, reserved, or received with respect to this Lease, then it is Landlord's and Tenant's express intent that all excess amounts theretofore collected by Landlord be credited on the applicable obligation (or, if the obligation has been or would thereby be paid in full, refunded to Tenant), and the provisions of this Lease immediately shall be deemed reformed and the amounts thereafter collectible hereunder reduced, without the necessity of the execution of any new document, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for hereunder.

(h) **Choice of Law.** Construction and interpretation of this Lease shall be governed by the internal laws of the state in which the Premises are located, excluding any principles of conflicts of laws.

(i) **Time.** Time is of the essence as to the performance of Tenant's and Landlord's obligations under this Lease.

(j) **OFAC.** Tenant is currently (a) in compliance with and shall at all times during the Term of this Lease remain in compliance with the regulations of the Office of Foreign Assets Control ("**OFAC**") of the U.S. Department of Treasury and any statute, executive order, or regulation relating thereto (collectively, the "**OFAC Rules**"), (b) not listed on, and shall not during the term of this Lease be listed on, the Specially Designated Nationals and Blocked Persons List maintained by OFAC and/or on any other similar list maintained by OFAC or other governmental authority pursuant to any authorizing statute, executive order, or regulation, and (c) not a person or entity with whom a U.S. person is prohibited from conducting business under the OFAC Rules.

(k) **Incorporation by Reference.** All exhibits and addenda attached hereto are hereby incorporated into this Lease and made a part hereof. If there is any conflict between such exhibits or addenda and the terms of this Lease, such exhibits or addenda shall control.

(l) **Entire Agreement.** This Lease, including the exhibits attached hereto, constitutes the entire agreement between Landlord and Tenant pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, letters of intent, negotiations and discussions, whether oral or written, of the parties, and there are no warranties, representations or other agreements, express or implied, made to either party by the other party in connection with the subject matter hereof except as specifically set forth herein.

(m) **No Accord and Satisfaction.** No payment by Tenant or receipt by Landlord of a lesser amount than the monthly installment of Base Rent or any Additional Rent will be other than on account of the earliest stipulated Base Rent and Additional Rent, nor will any endorsement or statement on any check or letter accompanying a check for payment of any Base Rent or Additional Rent be an accord and satisfaction. Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such Rent or to pursue any other remedy provided in this Lease.

(n) **Hazardous Activities.** Notwithstanding any other provision of this Lease, Landlord, for itself and its employees, agents and contractors, reserves the right to refuse to perform any repairs or services in any portion of the Premises which, pursuant to Tenant's routine safety guidelines, practices or custom or prudent industry practices, require any form of protective clothing or equipment other than safety glasses. In any such case, Tenant shall contract with parties who are acceptable to Landlord, in Landlord's reasonable discretion, for all such repairs and services, and Landlord shall, to the extent required, equitably adjust Tenant's Share of Operating Expenses in respect of such repairs or services to reflect that Landlord is not providing such repairs or services to Tenant.

(o) **Redevelopment of Project.** Tenant acknowledges that Landlord, in its sole discretion, may from time to time expand, renovate and/or reconfigure the Project as the same may exist from time to time and, in connection therewith or in addition thereto, as the case may be, from time to time without limitation: (a) change the shape, size, location, number and/or extent of any improvements, buildings, structures, lobbies, hallways, entrances, exits, parking and/or parking areas relative to any portion of the Project; (b) modify, eliminate and/or add any buildings, improvements, and parking structure(s) either above or below grade, to the Project, the Common Areas and/or any other portion of the Project and/or make any other changes thereto affecting the same; and (c) make any other changes, additions and/or deletions in any way affecting the Project and/or any portion thereof as Landlord may elect from time to time, including without limitation, additions to and/or deletions from the land comprising the Project, the Common Areas and/or any other portion of the Project. Notwithstanding anything to the contrary contained in this Lease, Tenant shall have no right to seek damages (including abatement of Rent) or to cancel or terminate this Lease because of any proposed changes, expansion, renovation or reconfiguration of the Project nor shall Tenant have the right to restrict, inhibit or prohibit any such changes, expansion, renovation or reconfiguration; provided, however, Landlord shall not change the size, dimensions, location or Tenant's Permitted Use of the Premises and Landlord will not expand and/or reconfigure the Building during the Term of this Lease. Landlord shall use reasonable efforts to cause the redevelopment contemplated pursuant to this Section 44(o) to be performed in a manner that does not materially and adversely affect Tenant's beneficial use and occupancy of the Premises and/or access to or use of parking at the Project, other than on a temporary basis while construction and related work may be ongoing. No expansion, renovation and/or reconfiguring of the Project pursuant to this paragraph will result in Tenant having fewer parking spaces available for its use other than on a temporary basis while construction and related work may be ongoing, and during such periods Landlord shall provide substitute parking in reasonable proximity to the Project.



(p) **Discontinued Use.** If, at any time following the Rent Commencement Date, Tenant does not continuously operate its business in the Premises for a period of 180 consecutive days, Landlord may, but is not obligated to, elect to terminate this Lease upon 30 days' written notice to Tenant, whereupon this Lease shall terminate 30 days' after Landlord's delivery of such written notice ("**Termination Date**"), and Tenant shall vacate the Premises and deliver possession thereof to Landlord in the condition required by the terms of this Lease on or before the Termination Date and Tenant shall have no further obligations under this Lease except for those accruing prior to the Termination Date and those which, pursuant to the terms of the Lease, survive the expiration or early termination of the Lease.

(q) **Attorneys' Fees.** If a dispute arises or an action is filed under this Lease or this Lease gives rise to any other legal proceeding between any of the parties hereto, the prevailing party shall be entitled to recover from the losing party reasonable attorneys' fees, costs and expenses. The prevailing party shall also be entitled to attorneys' fees and costs after any dismissal of an action.

[ Signatures on next page ]

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first above written.

**TENANT:**

**THE MEDICINES COMPANY,**  
a Delaware corporation

By: \_\_\_\_\_

Its: \_\_\_\_\_

**LANDLORD:**

**ARE-SD REGION NO. 35, LLC,**  
a Delaware limited liability company

**By: ALEXANDRIA REAL ESTATE EQUITIES, L.P.,**  
a Delaware limited partnership, managing member

By: ARE-QRS CORP.,  
a Maryland corporation,  
general partner

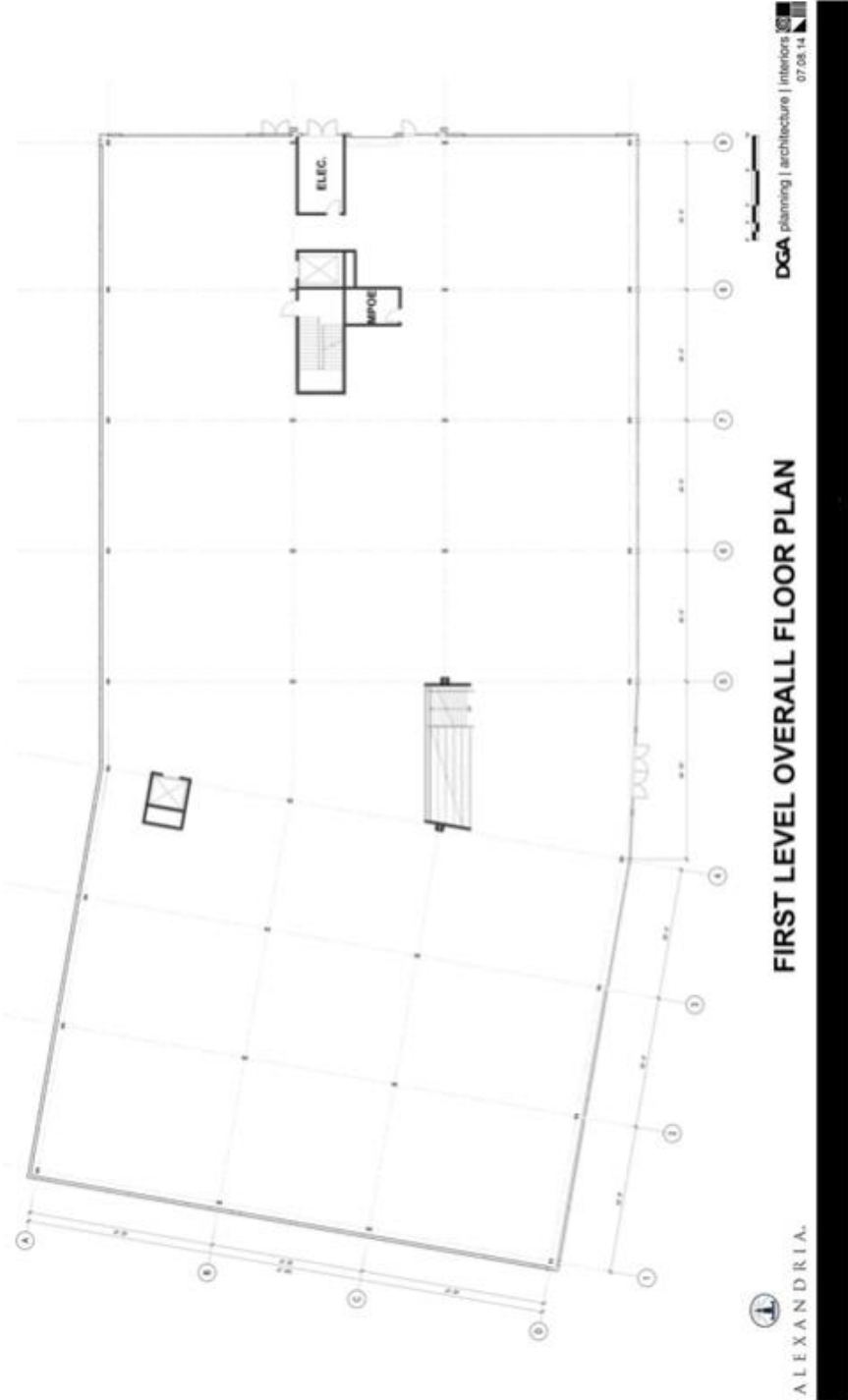
By: \_\_\_\_\_

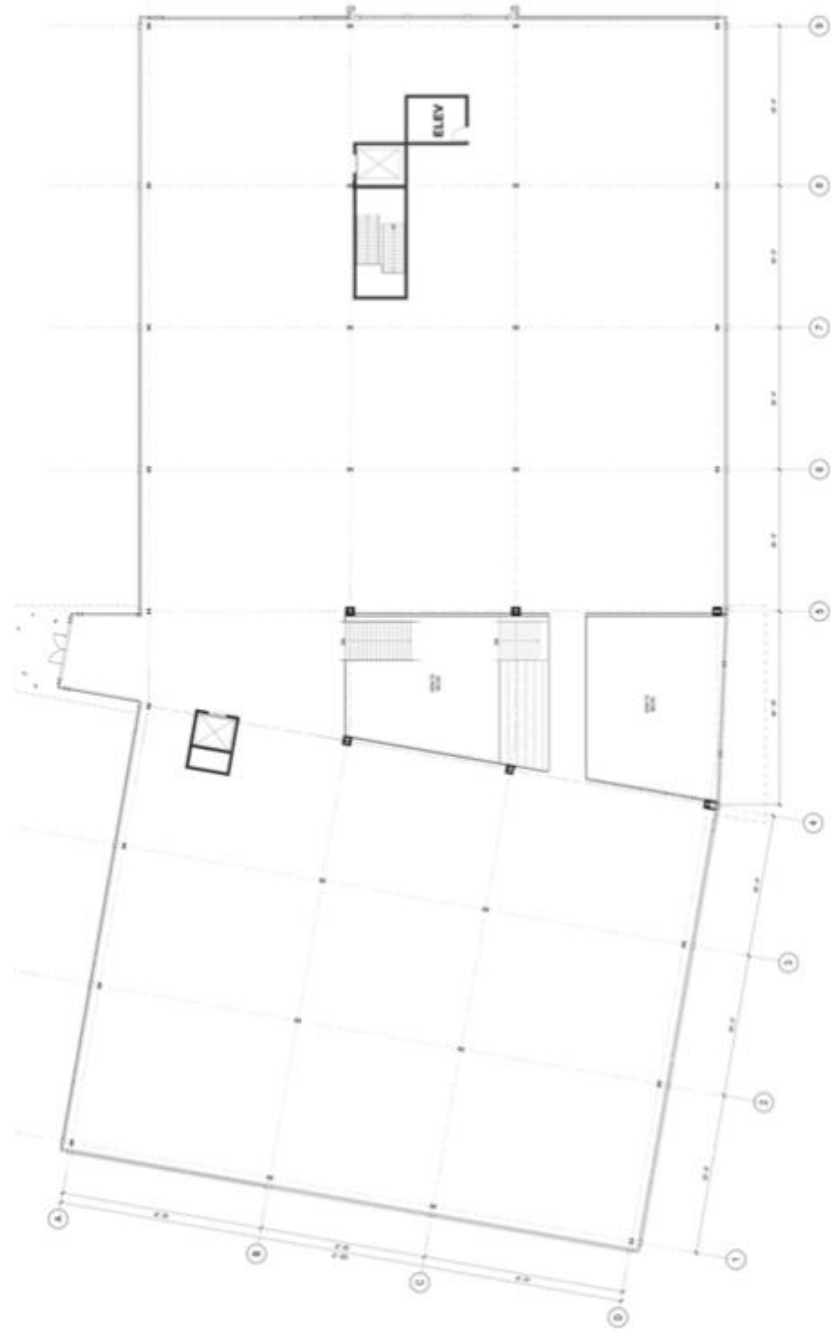
Its: \_\_\_\_\_

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EXHIBIT A TO LEASE

DESCRIPTION OF PREMISES





DGA planning | architecture | interiors  
07/06.14

**SECOND LEVEL OVERALL FLOOR**

ALEXANDRIA.

**EXHIBIT B TO LEASE**

**DESCRIPTION OF PROJECT**

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA. AND IS DESCRIBED AS FOLLOWS:

PARCEL A:

PARCEL 2 OF PARCEL MAP NO. 2411, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY ON MARCH 4, 1974.

PARCEL B:

LOT 4, TORREY PINES SCIENCE PARK, UNIT NO. 1, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 6229 FILED NOVEMBER 21, 1968 IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY.

EXCEPTING THEREFROM THE FOLLOWING DESCRIBED PORTION OF SAID LOT 4:

COMMENCING AT THE INTERSECTION OF THE CENTER LINE OF TORREY ANA ROAD, 60.00 FEET WIDE AS LOCATED AND ESTABLISHED AS OF THE DATE OF THIS INSTRUMENT, WITH THE CENTER LINE OF SCIENCE PARK ROAD, 70.00 FEET WIDE AS LOCATED AND ESTABLISHED AS OF THE DATE OF THIS INSTRUMENT; THENCE WESTERLY ALONG SAID CENTER LINE OF SCIENCE PARK ROAD, A DISTANCE OF 73.44 FEET TO A WESTERLY CORNER OF TORREY PINES SCIENCE PARK UNIT NO. 2, ACCORDING TO MAP THEREOF NO. 8434, FILED THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, SAID DISTANCE WAS ESTABLISHED BY THE FILING OF MAP NO. 8434; THENCE SOUTHERLY ALONG A WESTERLY BOUNDARY OF SAID MAP NO. 8434 TO AN INTERSECTION WITH THE SOUTHERLY LINE OF SAID SCIENCE PARK ROAD, SAID POINT OF INTERSECTION BEING A POINT ON THE ARC OF A 965.17 FOOT RADIUS CURVE, CONCAVE SOUTHERLY, AND BEING ALSO THE TRUE POINT OF BEGINNING; THENCE WESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 00°56'47", AN ARC DISTANCE OF 15.94 FEET TO A POINT WITH THE ARC OF S 65.00 FOOT RADIUS CURVE, CONCAVE SOUTHWESTERLY, A RADIAL TO SAID POINT BEARS NORTH 07°04'52" EAST; THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 14°10'09", AN ARC DISTANCE OF 16.07 FEET TO AN INTERSECTION WITH SAID WESTERLY BOUNDARY LINE OF MAP NO. 8434; THENCE ALONG SAID WESTERLY BOUNDARY LINE, NORTH 08°00'37" EAST, 1.85 FEET RETURNING TO THE TRUE POINT OF BEGINNING.



DGA planning | architecture | interiors  
07.02.14

# SITE PLAN

ALEXANDRIA

## EXHIBIT C TO LEASE

WORK LETTER

THIS WORK LETTER dated September \_\_, 2014 (this “**Work Letter**”) is made and entered into by and between **ARE-SD REGION NO. 35, LLC**, a Delaware limited liability company (“**Landlord**”), and **THE MEDICINES COMPANY**, a Delaware corporation (“**Tenant**”), and is attached to and made a part of the Lease Agreement dated September \_\_, 2014 (the “**Lease**”), by and between Landlord and Tenant. Any initially capitalized terms used but not defined herein shall have the meanings given them in the Lease.

**1. General Requirements.**

(a) **Tenant’s Authorized Representative.** Tenant designates Eric Loumeau (“**Tenant’s Representative**”) as the only person authorized to act for Tenant pursuant to this Work Letter. Landlord shall not be obligated to respond to or act upon any request, approval, inquiry or other communication (“**Communication**”) from or on behalf of Tenant in connection with this Work Letter unless such Communication is in writing from Tenant’s Representative. Tenant may change Tenant’s Representative at any time upon not less than 5 business days advance written notice to Landlord. Neither Tenant nor Tenant’s Representative shall be authorized to direct Landlord’s contractors in the performance of Landlord’s Work (as hereinafter defined).

(b) **Landlord’s Authorized Representative.** Landlord designates Jeff Hughson and Stu Berry (either such individual acting alone, “**Landlord’s Representative**”) as the only persons authorized to act for Landlord pursuant to this Work Letter. Tenant shall not be obligated to respond to or act upon any request, approval, inquiry or other Communication from or on behalf of Landlord in connection with this Work Letter unless such Communication is in writing from Landlord’s Representative. Landlord may change either Landlord’s Representative at any time upon not less than 5 business days advance written notice to Tenant. Landlord’s Representative shall be the sole persons authorized to direct Landlord’s contractors in the performance of Landlord’s Work.

(c) **Architects, Consultants and Contractors.** Landlord and Tenant hereby acknowledge and agree that: (i) DGA shall be the architect (the “**TI Architect**”) for the Tenant Improvements, (ii) DPR Construction shall be the general contractor (the “**General Contractor**”) for the Tenant Improvements, and (iii) any subcontractors for the Tenant Improvements shall be selected, subject to the terms of this paragraph, by Landlord, subject to Tenant’s approval, which approval shall not be unreasonably withheld, conditioned or delayed. The design contract between Landlord and the TI Architect with respect to the Tenant Improvements shall be separate from the design contract between Landlord and the TI Architect with respect to the Building Shell (as defined below) and such design contract for the Tenant Improvements shall be reasonably acceptable to Tenant. The construction contract between Landlord and the General Contractor for the Tenant Improvements including, without limitation, the General Contractor’s fee and the general conditions of the construction contract for the Tenant Improvements shall be negotiated by Landlord, subject to Tenant’s approval which shall not be unreasonably withheld, conditioned or delayed. The General Contractor shall (a) obtain at least 3 bids from subcontractors reasonably approved in advance by Tenant for the work of the major trades of the Tenant Improvements (comprising the mechanical, electrical and plumbing work, each a “**Major Trade Subcontractor**”), and (b) select the lowest bid from among such Major Trade Subcontractors, unless otherwise reasonably approved by Tenant and Landlord. All bids for the Tenant Improvements will be made available to Tenant on an “open book” basis.

**2. Tenant Improvements.**

(a) **Definition of Building Shell, Tenant Improvements and Landlord’s Work.** As used herein, the term, “**Building Shell**” shall mean a cold shell consisting of the items reflected on the base building description attached to this Work Letter as Annex 1 (“**Base Building Description**”). As used herein, the term “**Tenant Improvements**” shall mean all improvements to the Building of a fixed and permanent nature as shown on the TI Construction Drawings, as defined in Section 2(c) below. As used

herein, the term “**Landlord’s Work**” shall mean collectively the work of constructing the Building Shell and the Tenant Improvements. Landlord shall be responsible, at Landlord’s sole cost and expense, for the construction of the parking structure serving the Project. The current schedule for Landlord’s Work (which remains subject to change) is attached to this Work Letter as Annex 4.

Tenant shall be solely responsible for ensuring that the Building Shell and the Tenant Improvements design and specifications for the Premises are consistent with Tenant’s requirements. Except as expressly provided for in the approved Budget (as hereinafter defined) for the Tenant Improvements, in any Change Request relating to the Tenant Improvements and/or as a result of any Tenant Delay (collectively, “**Tenant Triggered Matters**”), Landlord will pay all of the costs associated with the construction of the Building Shell and the parking structure serving the Project. Tenant shall be solely responsible for all costs incurred by Landlord to alter the Building as a result of Tenant’s requested changes (as described below); provided, however, that in no event shall Landlord be obligated to make any changes requested by Tenant. Landlord shall have no obligation to, and shall not, secure any permits, approvals or entitlements related to Tenant’s specific use of the Premises or Tenant’s business operations therein. Other than its obligation to perform Landlord’s Work and construct the parking structure serving the Project, Landlord shall not have any obligation whatsoever with respect to the finishing of the Premises for Tenant’s use and occupancy.

(b) **Tenant’s Space Plan.** Landlord and Tenant acknowledge and agree that the Tenant Improvement Specifications attached hereto as Annex 2 (“**Tenant Improvement Specifications**”) and the space plan prepared by the TI Architect attached hereto as Annex 3 (the “**Space Plan**”) have been approved by both Landlord and Tenant.

(c) **Design Development Drawings.** Within 90 days after the mutual execution and delivery of this Lease, Landlord shall cause the TI Architect to prepare and submit for Tenant’s review and approval preliminary plans and specifications for development of the Tenant Improvements (the “**Design Development Drawings**”). Tenant shall be solely responsible for ensuring that the Design Development Drawings reflect Tenant’s requirements for the Tenant Improvements. Tenant shall deliver its written comments on the Design Development Drawings to Landlord not later than 10 business days after Tenant’s receipt of the same; provided, however, that Tenant may not disapprove any matter that is consistent with the Space Plan without submitting a Change Request. Landlord and the TI Architect shall consider all such comments in good faith and shall, within 10 business days after receipt, notify Tenant how Landlord proposes to respond to such comments and Landlord will submit revised Design Development Drawings reflecting Tenant’s comments and Landlord’s response to such comments; provided, however, that Landlord will not be required to consider any comments which are not consistent with the Space Plan unless Tenant submits a Change Request. Any disputes in connection with such comments shall be resolved in accordance with Section 2(e) hereof.

(d) **Construction Drawings.** Within 90 days after the Design Development Drawings have been finalized, Landlord shall cause the TI Architect to prepare and deliver to Tenant for review and comment construction plans, specifications and drawings for the Tenant Improvements (“**TI Construction Drawings**”), which TI Construction Drawings shall be prepared substantially in accordance with the Design Development Drawings. Tenant shall be solely responsible for ensuring that the TI Construction Drawings reflect Tenant’s requirements for the Tenant Improvements. Tenant shall deliver its written comments on the TI Construction Drawings to Landlord not later than 10 business days after Tenant’s receipt of the same; provided, however, that Tenant may not disapprove any matter that is consistent with the Design Development Drawings without submitting a Change Request. Landlord and the TI Architect shall consider all such comments in good faith and shall, within 10 business days after receipt, notify Tenant how Landlord proposes to respond to such comments and Landlord submit revised TI Construction Drawings reflecting Tenant’s comments and Landlord’s response to such comments; provided, however, that Landlord will not be required to consider any comments which are not consistent with the Design Development Drawings unless Tenant submits a Change Request. Any disputes in connection with such comments shall be resolved in accordance with Section 2(e) hereof. Provided that the design reflected in the TI Construction Drawings is consistent with the Design Development Drawings, Tenant shall approve the TI Construction Drawings submitted by Landlord, unless Tenant submits a Change Request. Once approved by Tenant, subject to the provisions of Section 4 below, Landlord shall not materially modify the TI Construction Drawings without Tenant’s approval except as may be reasonably required in connection with the issuance of the TI Permit (as defined in Section 3(b) below).



(e) **Approval and Completion.** It is hereby acknowledged by Landlord and Tenant that the TI Construction Drawings with respect to the underground package must be completed and approved not later than July 1, 2015, and the TI Construction Drawings for permits must be completed and approved not later than December 1, 2015, in order for the Landlord's Work to be Substantially Complete by the Target Commencement Date (as defined in the Lease). Upon any dispute regarding the design of the Tenant Improvements, which is not settled within 10 business days after notice of such dispute is delivered by one party to the other, Tenant may make the final decision regarding the design of the Tenant Improvements, provided (i) Tenant acts reasonably and such final decision is either consistent with or a compromise between Landlord's and Tenant's positions with respect to such dispute, (ii) that all costs and expenses resulting from any such decision by Tenant shall be payable out of the TI Fund (as defined in Section 5(d) below), and (iii) Tenant's decision will not adversely or materially affect the base Building, structural components of the Building or any Building systems. Any changes to the TI Construction Drawings following Landlord's and Tenant's approval of same requested by Tenant shall be processed as provided in Section 4 hereof.

### 3. Performance of Landlord's Work.

(a) **Commencement and Permitting.** Landlord shall commence construction of the Tenant Improvements upon obtaining a building permit (the "**TI Permit**") authorizing the construction of the Tenant Improvements consistent with the TI Construction Drawings approved by Tenant. The cost of obtaining the TI Permit shall be payable from the TI Fund. Tenant shall assist Landlord in obtaining the TI Permit. If any Governmental Authority having jurisdiction over the construction of Landlord's Work or any portion thereof shall impose terms or conditions upon the construction thereof that: (i) are inconsistent with Landlord's obligations hereunder, (ii) increase the cost of constructing Landlord's Work, or (iii) will materially delay the construction of Landlord's Work, Landlord and Tenant shall reasonably and in good faith seek means by which to mitigate or eliminate any such adverse terms and conditions; provided, however, that (y) with respect to Tenant Improvements, any of the costs related to any of the items described in such clauses (i), (ii) and (iii) shall be paid for out of the TI Fund, and (y) with respect to the Building Shell and parking structure, any of the costs related to any of the items described in such clauses (i), (ii) and (iii) shall be borne by Landlord except to the extent relating to Tenant Triggered Matters in which case Tenant shall bear the cost.

(b) **Completion of Landlord's Work.** On or before the Target Commencement Date (subject to Tenant Delays and Force Majeure delays), Landlord shall substantially complete or cause to be substantially completed Landlord's Work in a good and workmanlike manner, with the Building Shell in a water tight condition, in accordance with the TI Permit subject, in each case, to Minor Variations and normal "punch list" items of a non-material nature that do not interfere with the use of the Premises and with a certificate or temporary certificate of occupancy (or an equivalent approval having been issued) for the Premises permitting lawful occupancy of the Premises (but specifically excluding any permits, licenses or other governmental approvals required to be obtained in connection with Tenant's operations in the Premises) ("**Substantial Completion**" or "**Substantially Complete**"). Upon Substantial Completion of Landlord's Work, Landlord shall require the TI Architect and the general contractor to execute and deliver, for the benefit of Tenant and Landlord, a Certificate of Substantial Completion in the form of the American Institute of Architects ("**AIA**") document G704, and Landlord will require the vendors installing the major mechanical equipment to perform operational testing/commissioning of their respective equipment to confirm that the same are in good working order and functioning as designed. Upon Tenant's request, Landlord will deliver "as built" drawings of the Tenant Improvements to Tenant and will provide copies of all warranties and manuals relating to any components of the Tenant Improvements for which such items are provided. For purposes of this Work Letter, "**Minor Variations**" shall mean any modifications reasonably required: (i) to comply with all applicable Legal Requirements and/or to obtain or to comply with any required permit (including the TI Permit); (ii) to comply with any request by Tenant for modifications to the Tenant Improvements; (iii) to comport with good design, engineering, and construction practices that are not material; or (iv) to make reasonable adjustments for field deviations or conditions encountered during the construction of Landlord's Work.

(c) **Selection of Materials.** Where more than one type of material or structure is indicated on the TI Construction Drawings approved by Landlord and Tenant, the option will be selected at Landlord's reasonable discretion. As to all building materials and equipment that Landlord is obligated to supply under this Work Letter, Landlord shall select the manufacturer thereof in its reasonable discretion unless a manufacturer is specified in the approved TI Construction Drawings.

(d) **Delivery of the Premises.** When Landlord's Work is Substantially Complete, subject to the remaining terms and provisions of this [Section 3\(d\)](#) and [Section 2](#) of the Lease, Tenant shall accept the Premises. Tenant's taking possession and acceptance of the Premises shall not constitute a waiver of: (i) any warranty with respect to workmanship (including installation of equipment) or material (exclusive of equipment provided directly by manufacturers), (ii) any non-compliance of Landlord's Work with applicable Legal Requirements, or (iii) any claim that Landlord's Work was not completed substantially in accordance with the TI Construction Drawings (subject to Minor Variations and such other changes as are permitted hereunder) (collectively, a "**Construction Defect**"). Tenant shall have one year after Substantial Completion within which to notify Landlord of any such Construction Defect discovered by Tenant, and Landlord shall use reasonable efforts to remedy or cause the responsible contractor to remedy any such Construction Defect within 30 days thereafter. Notwithstanding the foregoing, Landlord shall not be in default under the Lease if the applicable contractor, despite Landlord's reasonable efforts, fails to remedy such Construction Defect within such 30-day period. If the contractor fails to remedy such Construction Defect within a reasonable time, Landlord shall use reasonable efforts to remedy the Construction Defect within a reasonable period. Landlord shall cooperate, at no cost to Landlord, with Tenant should Tenant elect to pursue a claim against such contractor, provided, however, that Tenant's claims are subject and subordinate to any claims which Landlord may have against such contractor.

Landlord shall reasonably cooperate with Tenant as required so that Tenant (along with Landlord) shall be entitled to receive the benefit of all construction warranties and manufacturer's equipment warranties relating to equipment installed in the Premises. Landlord shall cooperate with Tenant's efforts to enforce any warranties in the event of any defect or inadequacy in construction. Landlord shall obtain industry standard warranties from the General Contractor and will require the General Contractor to obtain industry standard warranties from all subcontractors performing the Tenant Improvements. If requested by Tenant, Landlord shall attempt to obtain extended warranties from manufacturers and suppliers of such equipment, but the cost of any such extended warranties shall be borne solely out of the TI Fund. Landlord shall promptly undertake and complete, or cause to be completed, all punch list items.

(e) **Tenant Delay.** Except as otherwise provided in the Lease, Delivery of the Premises shall occur when Landlord's Work has been Substantially Completed, except to the extent that completion of Landlord's Work shall have been actually delayed by any one or more of the following causes ("**Tenant Delay**"):

- (i) Tenant's Representative was not available to give or receive any Communication or to take any other action required to be taken by Tenant hereunder within a reasonable period of time (not to exceed 2 business days) after written request from Landlord;
- (ii) Tenant's request for changes to the Building Shell, whether or not such changes are actually performed;
- (iii) The construction of any changes to the Building Shell requested by Tenant and agreed upon by Landlord;
- (iv) Tenant's request for Change Requests (as defined in [Section 4\(a\)](#) below) whether or not any such Change Requests are actually performed;

(v) Construction of any Change Requests;

(vi) Tenant's request for materials, finishes or installations requiring unusually long lead times (provided Landlord will request that the General Contractor inform Tenant of any long lead time items and identify substitutes for such items as soon as reasonably possible);

(vii) Tenant's delay in reviewing, revising or approving plans and specifications beyond the periods set forth herein;

(viii) Tenant's delay in providing any information that is reasonably required to come from Tenant which is critical to the normal progression of the Project within a reasonable period of time after request. Tenant shall provide such information as soon as reasonably possible, but in no event longer than one week after receipt of any request for such information from Landlord;

(ix) Tenant's delay in making payments to Landlord for Excess TI Costs (as defined in Section 5(d) below) for more than 10 business days after such Excess TI Costs are required to be paid to Landlord; or

(x) Any other act or omission by Tenant or any Tenant Party (as defined in the Lease), or persons employed by any of such persons that continues for more than 1 business day after Landlord's notice thereof to Tenant.

If Delivery is delayed for any of the foregoing reasons, then Landlord shall cause the TI Architect to certify the date on which the Tenant Improvements would have been Substantially Completed but for such Tenant Delay and such certified date shall be deemed to be the Commencement Date for purposes of Tenant's obligation to pay Base Rent, Operating Expenses, Excess TI Costs and TI Rent; however, Tenant will not have any obligation to pay any amounts to third parties pursuant to the Lease (and will not occupy the Premises) until the date upon which the Premises is Delivered to Tenant with the Landlord's Work Substantially Complete. Upon request, Landlord shall advise Tenant of any materials, finishes or installations which are required as part of any Change Request that will result in unusually long lead times.

**4. Changes.** Any changes requested by Tenant to the Tenant Improvements now that the Space Plan has been approved by the parties shall be requested and instituted in accordance with the provisions of this Section 4 and shall be subject to the written approval of Landlord and the TI Architect, such approval not to be unreasonably withheld, conditioned or delayed.

(a) **Tenant's Request For Changes.** If Tenant shall request changes to the Tenant Improvements ("**Changes**"), Tenant shall request such Changes by notifying Landlord in writing in substantially the same form as the AIA standard change order form (a "**Change Request**"), which Change Request shall detail the nature and extent of any such Change. Such Change Request must be signed by Tenant's Representative. Landlord shall use commercially reasonable efforts to provide Tenant with an estimate of the time it will take and the architectural and engineering fees and costs that will be incurred to analyze such Change Request (which costs shall be paid from the TI Fund to the extent actually incurred, whether or not such change is implemented). Regardless of whether the foregoing estimate is provided, Landlord shall submit to Tenant in writing, within 5 business days of receipt of the Change Request (or such longer period of time as is reasonably required depending on the extent of the Change Request), an analysis of the estimated additional cost or savings involved, including, without limitation, architectural and engineering costs and the period of time, if any, that the Change will extend the date on which Landlord's Work will be Substantially Complete. Any actual delay in the completion of Landlord's Work caused by a Change, including any suspension of Landlord's Work while any such Change is being evaluated and/or designed, shall be Tenant Delay.

(b) **Implementation of Changes.** If Tenant: (i) approves in writing the cost or savings and the estimated extension in the time for completion of Landlord's Work, if any, and (ii) deposits with Landlord any Excess TI Costs required in connection with such Change (if applicable), Landlord shall cause the approved Change to be instituted. Notwithstanding any approval or disapproval by Tenant of any estimate of the delay caused by such proposed Change, the TI Architect's determination of the amount of Tenant Delay in connection with such Change shall be final and binding on Landlord and Tenant.

## 5. Costs.

(a) **Budget For Tenant Improvements.** Before the commencement of construction of the Tenant Improvements, Landlord shall obtain a detailed breakdown by trade of the costs incurred or that will be incurred in connection with the design and construction of the Tenant Improvements (the “**Budget**”). The Budget shall be based upon the TI Construction Drawings approved by Tenant and shall include a payment to Landlord of administrative rent (“**Administrative Rent**”) in the amount of \$150,000 for monitoring and inspecting the construction of the Tenant Improvements and Changes, which sum shall be payable from the TI Fund (as defined in Section 5(d)). Administrative Rent shall include, without limitation, all out-of-pocket costs, expenses and fees incurred by or on behalf of Landlord arising from, out of, or in connection with monitoring the construction of the Tenant Improvements and Changes, and shall be payable out of the TI Fund. Tenant shall have the right to use a third party construction manager reasonably acceptable to Landlord with respect to the design, construction and construction management of the Tenant Improvements (and Landlord hereby approves Doug Cowan of Jones Lang LaSalle as Tenant’s construction manager). The cost of such third party construction manager may be paid out of the TI Allowance following presentment of an invoice pursuant to a schedule to be agreed upon by Landlord and Tenant. Tenant shall either (i) approve and deliver the Budget to Landlord within five (5) business days of the receipt of the same and Tenant’s failure to respond shall constitute a Tenant Delay to the extent completion of Landlord’s Work is actually delayed, or (ii) notify Landlord within five (5) business days after Tenant’s receipt of the Budget that Tenant will instruct the TI Architect to revise the TI Construction Drawings to change the amount of the Budget, in which case such changes shall be made to the TI Construction Drawings only in accordance with this Work Letter and the revised TI Construction Drawings shall be provided to the General Contractor for repricing whereupon Landlord shall revise the Budget for Tenant’s approval. This procedure shall be repeated until the Budget is approved by Tenant which approval shall not be unreasonably withheld, delayed or conditioned, and if the process is repeated more than once then each day until the Budget is approved by Tenant shall constitute a Tenant Delay (to the extent of an actual delay in the completion of Landlord’s Work). If the Budget is greater than the TI Allowance, Tenant shall pay the difference to Landlord pursuant to a schedule to be determined by Landlord in its sole and absolute discretion; provided, however, in no event shall Landlord require Tenant to pay to Landlord more than 50% of the difference, in cash, prior to the commencement of construction of the Tenant Improvements or Changes, nor shall Landlord require Tenant to pay more than 50% of the difference to Landlord prior to the point when the Tenant Improvements are at least 50% completed, for disbursement by Landlord as described in Section 5(d). If following Substantial Completion of the Tenant Improvements, there remain Excess TI Costs which have not been billed to Tenant, Tenant shall, after receipt of reasonably acceptable evidence of the same from Landlord, pay the same to Landlord which costs will be amortized on a straight line basis over the first ten (10) months of the Base Term of the Lease (commencing after the date of Delivery of the Premises to Tenant with Landlord’s Work Substantially Complete; provided, however, that if any Excess TI Costs are billed to Tenant after the date of the Delivery then the commencement date for the straight line amortization of such Excess TI Costs over the remainder of such 10-month period shall commence on Tenant’s receipt of the bill for the applicable Excess TI Costs) with interest at 8% per annum as Additional Rent, and such amortized amounts will be payable by Tenant monthly at the same time and place as Base Rent commencing with the first payment of Base Rent after the Construction Period.

Notwithstanding anything to the contrary contained herein, in no event may the cost of the Tenant Improvements (including Changes) exceed \$275.00 per rentable square foot of the Premises without Landlord’s prior written consent which consent may be granted or withheld in Landlord’s sole and absolute discretion.

(b) **TI Allowance.** Landlord shall provide to Tenant a tenant improvement allowance (collectively, the “**TI Allowance**”) as follows:

1. a “**Tenant Improvement Allowance**” in the maximum amount of \$200.00 per rentable square foot in the Premises, which is included in the Base Rent set forth in the Lease; and

2. an “**Additional Tenant Improvement Allowance**” in the maximum amount of \$45.00 per rentable square foot in the Premises, which shall, to the extent used, result in TI Rent as set forth in Section 4(b) of the Lease.

Within 10 days after Tenant’s receipt of the Budget, Tenant shall notify Landlord how much Additional Tenant Improvement Allowance Tenant has elected to receive from Landlord. Such election shall be final and binding on Tenant, and may not thereafter be modified without Landlord’s consent, which may be granted or withheld in Landlord’s sole and absolute subjective discretion. The TI Allowance shall be disbursed in accordance with this Work Letter.

Tenant shall have no right to the use or benefit (including any reduction to or payment of Base Rent) of any portion of the TI Allowance not required for the construction of (i) the Tenant Improvements described in the TI Construction Drawings approved pursuant to Section 2(d) or (ii) any Changes pursuant to Section 4; except that, if, following the completion and full payment of the Tenant Improvements, the full TI Costs were less than \$200.00 per rentable square foot of the Premises, then the Base Rent payable during the Base Term under the Lease shall be reduced by the amount of the savings multiplied by 7% per annum. For example, if only \$190.00 per rentable square foot of the Tenant Improvement Allowance is used, the Base Rent per rentable square foot per month would be reduced by \$0.0583 per rentable square foot per month.

In addition to the foregoing, if Tenant elects to construct operable windows as part of the Tenant Improvements on the second floor of the Building in select locations mutually agreed to by Landlord and Tenant, Landlord shall contribute up to \$100,000 towards the costs incurred by Tenant in connection with the same.

(c) **Costs Includable in TI Fund.** The TI Fund shall be used solely for the payment of design, permits and construction costs in connection with the construction of the Tenant Improvements, including, without limitation, the cost of electrical power and other utilities used in connection with the construction of the Tenant Improvements, the cost of preparing the Space Plan, the Design Development Drawings and the TI Construction Drawings, all costs set forth in the Budget, including Landlord’s Administrative Rent, the cost of Minor Variations, Landlord’s out-of-pocket expenses, costs resulting from Tenant Delays and the cost of Changes (collectively, “**TI Costs**”). Except as provided in the following sentence, the TI Fund shall not be used to purchase any furniture, personal property or other non-Building system materials or equipment, including, but not limited to, Tenant’s voice or data cabling, non-ducted biological safety cabinets and other scientific equipment not incorporated into the Tenant Improvements. A portion of TI Allowance, up to \$7.00 per rentable square foot of the Premises may be used for Tenant’s voice and data cabling, security system, Tenant’s signage, the Emergency Generator and other costs reasonably acceptable to Landlord.

(d) **Excess TI Costs.** Landlord shall have no obligation to bear any portion of the cost of any of the Tenant Improvements except to the extent of the TI Allowance. If at any time the remaining TI Costs under the Budget exceed the remaining unexpended TI Allowance, Tenant shall, pursuant to a schedule to be determined by Landlord but in compliance with the provisions of the second to last sentence of Section 5(a), deposit with Landlord, as a condition precedent to Landlord’s obligation to complete the Tenant Improvements, 100% of the then current TI Cost in excess of the remaining TI Allowance (“**Excess TI Costs**”). If Tenant fails to deposit any Excess TI Costs with Landlord, Landlord shall have all of the rights and remedies set forth in the Lease for nonpayment of Rent (including, but not limited to, the right to interest at the Default Rate and the right to assess a late charge). For purposes of any litigation instituted with regard to such amounts, those amounts will be deemed Rent under the Lease. The TI Allowance and Excess TI Costs are herein referred to as the “**TI Fund**.” Funds deposited by Tenant shall be the first disbursed to pay TI Costs. Notwithstanding anything to the contrary set forth in this Section 5(d), Tenant shall be fully and solely liable for TI Costs in excess of the TI Allowance and the cost of Minor Variations to the Tenant Improvements in excess of the TI Allowance. If upon completion of the Tenant Improvements and the payment of all sums due in connection therewith there remains any undisbursed portion of the TI Fund, Tenant shall be entitled to such undisbursed TI Fund solely to the extent of any Excess TI Costs deposit Tenant has actually made with Landlord.

## 6. Tenant Access.

(a) **Tenant's Access Rights.** Tenant shall have no right to access the Premises prior to the date of Substantial Completion of the Landlord's Work.

(b) **No Interference.** Neither Tenant nor any Tenant Party (as defined in the Lease) shall interfere with the performance of Landlord's Work, nor with any inspections or issuance of final approvals by applicable Governmental Authorities, and upon any such interference, Landlord shall have the right to exclude Tenant and any Tenant Party from the Premises and the Project until Substantial Completion of Landlord's Work.

(c) **No Acceptance of Premises.** The fact that Tenant may, with Landlord's consent, enter into the Project prior to the date Landlord's Work is Substantially Complete for the purpose of performing Tenant's Work shall not be deemed an acceptance by Tenant of possession of the Premises, but in such event Tenant shall defend with counsel reasonably acceptable by Landlord, indemnify and hold Landlord harmless from and against any loss of or damage to Tenant's property, completed work, fixtures, equipment, materials or merchandise, and from liability for death of, or injury to, any person, caused by the act or omission of Tenant or any Tenant Party.

## 7. Limitation on Tenant's Liability.

(a) Notwithstanding anything to the contrary contained in the Lease (including this Work Letter), during the Construction Period (as defined below), Tenant's liability to Landlord under the Lease (including the Work Letter) for Rental Payments shall at no time exceed 89.9% of Landlord's Project Costs incurred as of the date of Landlord's claim for such amount owed by Tenant (the "**89.9% Threshold**") as reasonably determined by the Landlord; provided that such 89.9% Threshold will be calculated by taking into consideration whether at any point during the Construction Period, the sum of the Rental Payments could exceed the 89.9% Threshold, with the Rental Payments calculated to include (i) the accreted value of any Rental Payments previously made by Tenant plus (ii) the present value of the maximum amount of Rental Payments that Tenant could be required to pay as of that point in time (whether or not construction is completed). With respect to clause (ii) in the preceding sentence, for the avoidance of any doubt, any amounts previously deferred shall not be deemed currently payable for purposes of the calculation. Any Rental Payments owed by Tenant to Landlord in excess of such 89.9% Threshold (the "**Excess Amounts**") shall not be payable during the Construction Period, and will instead be amortized on a straight line basis over the Base Term of the Lease (commencing after the date of Delivery of the Premises to Tenant with Landlord's Work Substantially Complete) with interest at 8% per annum as Additional Rent, and such amortized Excess Amounts will be payable by Tenant monthly at the same time and place as Base Rent commencing with the first payment of Base Rent after the Construction Period. For purposes of calculating the 89.9% Threshold, the Rental Payments owed by Tenant to Landlord at the time of the applicable calculation shall be discounted to their then present value using 9% which represents Tenant's incremental borrowing rate on the date hereof, applied on a monthly basis. All remedies of Landlord which arise under the Lease and this Work Letter during the Construction Period will be subject to this Section 7 (including remedies in the event the Lease is terminated during the Construction Period), excepting only amounts due from Tenant to Landlord by reason of fraud, willful misconduct, bankruptcy or illegal acts by Tenant.

(b) As used in this Section 7,

(i) "**Construction Period**" shall mean the period from the date of the Lease until the date of Delivery of the Premises to Tenant with Landlord's Work Substantially Complete (regardless of any Tenant Delays); provided, however, that, if there are more than 270 days of Tenant Delay, Landlord may if it so elects, notwithstanding anything to the contrary contained in the Lease (and/or

this Work Letter), (x) terminate this Lease, upon written notice to Tenant, in which case the Construction Period shall terminate and Landlord may pursue all of its rights and remedies under the Lease (and this Work Letter) or (y) construct and Deliver the Premises with Tenant Improvements as determined by Landlord, in its sole and absolute discretion including, without limitation, changing the TI Construction Drawings so that the Tenant Improvements are consistent with a so-called spec build-out for one or more tenants and without any further input required or permitted by Tenant, but Tenant shall not be responsible for Excess TI Costs with respect to the Tenant Improvements in excess of the TI Allowance of \$245 per rentable square of the Premises unless Tenant has approved such Excess TI Costs (in Tenant's sole discretion), and Tenant agrees to accept the Premises in their as is condition upon Delivery.

(ii) "**Rental Payments**" shall mean all of the following amounts which are required to be paid by Tenant to Landlord under the Lease (and this Work Letter), including, without limitation, as a result of Tenant Delay: Base Rent, Operating Expenses, costs arising from Change Requests, Excess TI Costs, TI Rent, any amount owed to Landlord pursuant to an any indemnification obligation on the part of Tenant in favor of Landlord (with the parties agreeing that, during the Construction Period, Tenant's indemnification obligation shall be limited as set forth in Section 7(e) below), any amount which Tenant is required to pay to Landlord as reimbursement for amounts paid by Landlord to a third party during the Construction Period, and any and all other costs payable by Tenant to Landlord including payments in the event of a default by Tenant. Rental Payments will not include (and the 89.9% Threshold will not apply to) amounts due from Tenant to Landlord by reason of fraud, willful misconduct, bankruptcy or illegal acts by Tenant.

(iii) "**Project Costs**" shall include the following as reasonably determined by the Landlord:

- (a) the amount capitalized in the Building (including related site improvements as allocated to the Building and the Building's share of the parking structure serving the Building) and by the Landlord in accordance with generally accepted accounting principles in the United States,
- (b) any amounts related to the Building (including related site improvements as allocated to the Building and the Building's pro rata share of the parking structure serving the Building) paid by the Landlord to third parties other than lenders or owners. These costs exclude transaction costs not otherwise capitalized by the Landlord in accordance with GAAP, and
- (c) land carrying costs, such as interest or ground rentals incurred during the Construction Period.

Project Costs shall exclude land acquisition costs and imputed yield on equity in the Building. The Building's share of the parking structure will be allocated to Project Costs based on relative value or other value methods as appropriate under the circumstances as reasonably determined by the Landlord.

(c) For the avoidance of any doubt, if there are any Excess Amounts, Landlord shall make the determination, which shall be binding on Tenant, as to which Excess Amounts owed to Landlord are being deferred and in what order such Excess Amounts are being paid to Landlord.

(d) If Tenant fails to pay any Excess Amounts to Landlord as and when required, Landlord shall have all of the rights and remedies set forth in the Lease for nonpayment of Rent (including, but not limited to, the right to interest at the Default Rate and the right to assess a late charge). Notwithstanding anything to the contrary contained herein, all Excess Amounts shall become immediately due and payable to Landlord if any of the insolvency defaults described in Section 20(f) occur and no further Rental Payments shall be deferred pursuant to Section 7(a).

(e) Limitations on Tenant Indemnification during the Construction Period. Notwithstanding any other provision of the Lease or this Work Letter to the contrary, with respect to any indemnity obligation of Tenant arising at any time during the Construction Period only, (A) the term “Landlord” shall mean and shall be limited to ARE-SD Region No. 35, LLC (and any entity that that succeeds to ARE-SD Region No. 35, LLC’s interest as Landlord under the Lease) and shall not include any other person or entity; provided, however, that Landlord may include in any claim owed by Tenant to Landlord any amount which Landlord shall pay or be obligated to indemnify any other person or entity, and (B) any indemnity obligation shall be limited to losses caused by, or arising as a result of any act or failure to act of, Tenant or Tenant’s employees, agents or contractors.

(f) Notwithstanding Section 18 of the Lease, in the event of any damage or destruction to the Project during the Construction Period only, Tenant will have no liability for deductible amounts or any amounts not covered by insurance.

(g) It is the intention of the parties that any Force Majeure delay which occurs during the Construction Period will postpone the Commencement Date of the Lease by the number of days such Force Majeure continues (i.e., if Substantial Completion of Landlord’s Work is delayed by ten (10) days due to a Force Majeure event, then the Commencement Date will be postponed for a period of ten (10) days).

#### 8. Miscellaneous.

(a) **Consents.** Whenever consent or approval of either party is required under this Work Letter, that party shall not unreasonably withhold, condition or delay such consent or approval, unless expressly set forth herein to the contrary.

(b) **Modification.** No modification, waiver or amendment of this Work Letter or of any of its conditions or provisions shall be binding upon Landlord or Tenant unless in writing signed by Landlord and Tenant.

(c) **Weekly Meetings.** During the construction of the Tenant Improvements, Landlord, Tenant and the General Contractor (and any other parties reasonably necessary as determined by the General Contractor) will meet on a weekly basis to review and discuss the progress of the Landlord’s Work and will discuss any claimed Tenant Delays, Force Majeure events or other delays in the schedule of Substantial Completion of the Landlord’s Work at such meetings.



Annex 1

**Base Building Description**

**Building Shell**

**PROJECT:** The Medicines Company, Build to Suit  
**ADDRESS:** 3013 Science Park Road, San Diego, CA 92122  
**DATE:** 7/7/2014

**General Base Building Information**

1. Project: 63,000 RSF Build to suit (approximate) depending on City of San Diego approval along with a parking structure.
2. Number of Buildings One (1)
3. Number of Stories 2
4. Floor-to-Floor Height 15'-0" L1 – L2; 15' L2 –Roof Parapet
5. Construction Type Type II B, Fully Sprinklered
6. Use Office, lab, manufacturing, and related uses.
7. Parking provided 2.5/1000 RSF in adjacent parking structure and surface parking to be completed as part of Landlord's Work
8. Layout Building layout and configuration to be substantially consistent with Exhibit A to the Lease
9. Applicable Codes: Most current versions of the following:
  - California Building Code (CBC)
  - California Green Building Standards Code (GBC)
  - California Electrical Code (CEC)
  - California Mechanical Code (CMC)
  - California Plumbing Code (CPC)
  - California Fire Code (CFC)
  - California Energy Efficiency StandardsOther Regulations:
  - NFPA (Current Edition)
  - CAL-OSHA

CCR 2010 Title 24 California Code of Regulations Energy Commission  
Handicap Standards – Federal Regulations and American Disabilities Act (ADA)  
Note: Applicable codes may change as the applicable local and state governing bodies adopt new codes, and the Building Shell will be constructed in accordance with the most current codes as of the date of construction.

## SHELL OUTLINE SPECIFICATIONS

### SITE WORK

#### Site Utilities

All sewer, gas, water, storm drain, electrical, services as required with the following minimum sizes:

1. Fire Service – one 6 inch service to meet Ordinary Hazard Group 2 building density including any required backflow devices
2. Sanitary Sewer – one 4 inch main
3. Industrial Waste – 1 ea-4” branch tee off of sanitary main to a polypropylene sampling port stubbed into the building for future connection of Tenant Improvement branch lines and fixtures.
4. Domestic Water –one three inch service including any required backflow devices.
5. Natural Gas –one 2 inch service.
6. Landscape irrigation service and associated meter(s) or backflow devices tied into campus service, if applicable.

2 ea—4” underground conduit raceways for incoming cabling from communication utility providers

All site utilities above (except landscape) to be stubbed into the building in locations mutually agreed to by Landlord and Tenant. All permit fees for water, sewer, gas and electric service shall be paid by Landlord.

Site Area All site scope including asphalt paving, curb and gutter, concrete walkways, and landscaping, exterior lighting including code required egress lighting, and any code required ADA parking or path of travel to the right of way. Overall look and feel of new site improvements to be consistent with the appearance and quality of the existing campus.

#### Loading Dock and Service Enclosure

New building to be provided with one loading area.

Service Yard building pad to be provided with the shell. Service yard enclosure walls, slab, and MEP systems to be provided as part of the Tenant Improvements.

### BUILDING ENVELOPE

Design The building envelope will be in compliance with the applicable energy standards.

**BUILDING SKIN**Glass Walls

Curtain wall, storefront, insulated high performance low 'E' glass by Viracon or equal to match existing campus.

Windows

[*Please add building standard specification*]

Entry Doors

Pair of 3'-0" x 9'-0" x 1-3/4" narrow style aluminum and glass system with concealed overhead closers. Finish to match glass aluminum framing. One (1) main entry to have 1/2" thick Herculite doors

Loading Doors

10'-0"x10'-0" motorized overhead coiling insulated metal door with standard enamel finish.

Sun Shades

3' sun shades will be installed on the south and west elevations of the building at the first and second level of the building.

**STRUCTURAL SYSTEM**Design

Wide flange structural steel columns, girders, beams and moment frame lateral system with floors designed for live load of 110 pounds per square foot plus a partition load of 15 pounds per square foot. Roof shall be designed for 20 pounds per square foot live load, an increase of 80 psf for mechanical equipment load at 40% of the roof area, and the roof screen and related structural elements.

Foundations

Continuous footings, pad footings, and grade beams of reinforced concrete

Slab on Grade

5" thick 4000 PSI concrete with #3 @ 18" on center each way over a 10 mil visqueen vapor barrier and 4" of sand..

Concrete on Metal Decks

2 1/2" 3000 psi normal or light weight concrete with mesh over 3" x 18 or 20-gauge composite metal deck

Floor in "QA Room" on second floor to be reinforced as required to support six (6) fireproof file cabinets per specifications to be provided by Tenant (approximately empty weight of all file cabinets is 6,600 pounds)

Rooftop Mechanical Pad

2 1/2" normal or lightweight 3000 psi concrete with mesh over 3" x 20-gauge composite metal deck

**MOISTURE AND THERMAL PROTECTION**Membrane Roofing

Four ply mineral surfaced cap sheet fiberglass built-up roof over R-30 average rigid insulation at non mechanical pad areas.

Thermal Insulation

R-15 kraft faced batt insulation at all non-glass exterior walls and spandrel glass conditions.

R-30 non-faced batt Insulation installed at the underside of the roof deck at mechanical pad areas.

Sound Insulation

Unfaced batt insulation at all elevator hoistway and machine room walls.

Additional sound insulation between large copy room and conference room on second floor.

**STAIRWAYS**

Exit Stairs

Fabricate stairs with closed risers and pan treads to receive concrete fill, as indicated. Form treads with minimum 12 gage bent plate with deformed bars full length of tread welded to bent ends. Form stringers of structural steel channel sections or rolled steel rectangular hollow sections

**MISCELLANEOUS**

Sealants

Sealant Standard: Provide manufacturer’s standard sealant of type indicated, complying with ASTM C 920 requirements. Use silicone based sealants at all glazing conditions. In general, for use on areas subject to foot or vehicle traffic use multi-part, pourable, urethane sealant. At exterior or perimeters of openings in exterior walls use non-sag, urethane sealant

Sheet Metal

Provide minimum 24 GA galvanized sheet metal to comply with recommendations of SMACNA “Architectural Sheet Metal Manual”

Steel Doors

Provide 18 gauge hollow metal steel doors, frames and stops. Applicable weatherstripping to be provided at all exterior doors

Hardware

Lock and latch sets shall be equal to Schlage Series L, Full mortise with lever handle design. All fire rated doors and storefront entry doors shall be equipped with closers. All hardware shall meet state Title 24 requirements for handicapped accessibility.

The primary lobby exterior door and one secondary door to be provided with electrified hardware as part of the shell. Tenant to provide and install its card readers as part of the Tenant Improvements.

**FINISHES**Interior Walls and Finishes

As required for main electrical room, elevator hoistways, elevator machine room, and stairwell shafts. Interior perimeter wall furring and finishes to be provided as part of the Tenant Improvements

Metal Framing

Wall framing with gauge metal steel studs spaced at 16” on center or as required to meet rated wall assemblies.

Drywall

Board thickness to be 5/8” at vertical and horizontal surface applications. In areas requiring fire ratings, wall board shall be 5/8” Type “X”. Finish joint taping to a smooth level 4 smooth texture in finished rooms and level 3 finish at surface in non finished areas.

Paint

All interior gypsum drywall (Lo-Glo satin sheen), exposed steel surfaces, hollow metal doors and frames and interior columns to receive paint

**SPECIALTIES**Signage

Tenant to install all site and building ID signage per Lease.

**CONVEYING SYSTEMS**Hydraulic Elevators

One (1) 3000# passenger, and one (1) 5,000# passenger/ service, 150 fpm, hydraulic elevators by Otis Elevator, Thyssen Krupp, Schindler, or equal with standard hoistway entrances and cab finishes. Hydraulic power unit pump, tank, and control system equipment to be located in adjacent Elevator Machine Room. Landlord to install finishes in elevator cab in keeping with finishes and materials in Project. Elevators to be tested and operational as designed upon delivery to Tenant.

**FIRE PROTECTION**Fire Protection

Full building shell fire sprinkler system meeting Ordinary Hazard Group 2 density per the CBC, CFC and NFPA requirements

Fire Alarm System

Fully functional fire alarm system monitoring elevators and fire protection flow switches. System to be expandable to cover future Tenant Improvements

## Fireproofing

Fireproofing or otherwise providing a 2 hour rating on the underside of the 2<sup>nd</sup> floor deck. This can be achieved either through fireproofing or deck assembly ratings.

Vertical control area walls and separation will be part of the Tenant Improvements.

**PLUMBING**

Storm Drain

Cast Iron roof drain, and overflow systems sized in accordance with CPC requirements and local rainfall rates. Roof drains shall connect to the site storm drain system. Rainwater overflow system shall be hard piped to a point of discharge near grade.

Domestic Water

3” copper domestic water main to building pressure regulator assembly with two 2 inch meters and stubbed into the building to allow for future extension of Tenant Improvement branch lines and fixture connections.

Sanitary Sewer

1 ea-4” Schedule 40 DWV below grade sanitary main sloped at 2% stubbed into the building to allow for future extension of Tenant Improvement branch lines and fixture connections.

Industrial Waste

1 ea-4” branch tee off of sanitary main to a polypropylene sampling port stubbed into the building for future connection of Tenant Improvement branch lines and fixtures.

**HVAC**

Shell Ventilation

Ducted ventilation of main electrical room and elevator machine room as required to meet specified equipment room environmental conditions.

**ELECTRICAL**

Normal Electrical Power

277/480V—4000A primary electrical service provided to building main electrical room (to be built with the shell to SDGE standards) underground pull section including the main breaker. Shell house panelboard with distribution and connections to elevators, elevator equipment room, stairwells, exit signs, and exterior lighting.

Emergency Power

Emergency generators, pads and UPS systems to be provided as part of the Tenant Improvements.

Tenant shall be required to provide any information to Landlord which may impact Landlord’s Work in sufficient time for Landlord’s Work to progress in an orderly fashion in accordance with the detailed schedule of key milestones and so as not to delay Landlord’s Work. Any costs incurred by Landlord in connection with Landlord’s Work as a result of any changes requested by Tenant to Landlord’s Work and/or delays on the part of Tenant in providing any information required by Landlord for Landlord’s Work and/or the coordination of Landlord’s Work with the Tenant Improvements (e.g. depressing an area of slab or framing for roof or slab penetrations) shall be borne by Tenant.

**FIBER OPTIC**

Landlord will arrange for fiber optic lines to be run to the Building by a service provider designated in writing by Tenant to Landlord promptly after the date of this Lease; provided, however, that such service provider provides service in the area where the Project is located and such service provider is willing to provide service to Tenant at the Project. Tenant shall be responsible for reimbursing Landlord for all reasonable costs incurred by Landlord in connection with the same including, without limitation, any actual fees charged by the service provider for installation of such fiber optic line.

**THE ABOVE MENTIONED DOCUMENT IS A DESCRIPTION OF THE “COLD” BUILDING SHELL THAT THE LANDLORD INTENDS TO BUILD. TENANT IMPROVEMENT COMPONENTS (INCLUDING ANY ITEMS DESCRIBED ABOVE AS BEING PART OF THE TENANT IMPROVEMENTS) ARE NOT INCLUDED IN THE BASE BUILDING THAT LANDLORD WILL BE PROVIDING, AND TENANT (AND NOT LANDLORD) SHALL BE RESPONSIBLE FOR PAYING FOR THE SAME, SUBJECT TO LANDLORD’S OBLIGATION TO FUND THE TI ALLOWANCE AND ADDITIONAL TENANT IMPROVEMENT ALLOWANCE AS PROVIDED IN THE WORK LETTER.**

Annex 2

**Tenant Improvement Specifications**

**TI Specifications**

**3013 Science Park Road  
The Medicines Company**

Below are the minimum levels of specifications for the Tenant Improvement Specifications being constructed by Tenant pursuant to the Work Letter.

**TENANT IMPROVEMENT SPECIFICATION**

**State and Local Code Compliance**

Design and construction shall conform to all Legal Requirements including but not limited to the most current version of the following documents:

CA Mechanical Code  
CA Plumbing Code  
CA Building Code  
CA Fire Code  
Local Fire Department Regulations  
National Fire Protection Association

**ARCHITECTURAL**

*Interior Partition*

3-5/8” studs typical, gauge and spacing as required by code, and Type X, 5/8” drywall  
Standard interior partitions penetrate ceiling grid 6”. Conference rooms to receive full height partitions.  
Rated control area walls and mechanical requirements to provide the number of Control Zones per floor that are approved by the City of San Diego and required for Tenant’s Permitted Use.  
Fire rated assemblies, full height, tunnel and shaft wall construction per code  
Backing required in any walls where casework, appliances, Tenant equipment or fixtures will be mounted. Backing for any seismic restraining systems is excluded from the Tenant Improvement scope of work  
Coordinate with structural engineer to determine any specialty requirements for heavy loads. Tenant to pay for all costs associated with any structural bracing required to support above structural loads as part of TI Fund.  
Smooth drywall finish to Level 4 and Level 5 in those areas mutually agreed to in the Construction Documents.



*Core* All wall, floor and ceiling finishes shall be consistent with a Class A Building in Tenant Constructed lobby, restroom and other core areas.

*Insulation* Batt insulation within all wall cavities, unless otherwise directed by the Tenant.

*Doors, Frames &*

*Hardware* Offices/ General Use Areas

Interior door assemblies to be 3' x 8' minimum, solid core, wood veneer, flush face doors with anodized aluminum frames, natural finish, and storefront glazing at offices and conference rooms

Schlage model C, Lever style, heavy duty, satin aluminum hardware with components and ratings per code

Lab, Lab Support, Equipment, & Storage Areas

Door Assemblies to be 3' x 8' or 3'-6" x 8' minimum stained with aluminum frames to match offices except for hollow metal assemblies as required

Lab offices to be 3' x 8', 3'-6" x 8' or 6' x 8' minimum stained with aluminum frames to match offices

Lever style, heavy duty, satin aluminum hardware with components and ratings per code

*Windows* Frames to match aluminum door frames in office areas except for hollow metal frame assemblies as required

*Ceiling System*

General

T-Bar suspension installation per code, utilize BERC clips in lieu of 2" wall angle

Office Areas

Ceiling height to be 10'0" minimum.

2' x 2', 15/16" exposed T-Grid, white

2' x 2' acoustic tile

Lab

Ceiling height to be 10'0" minimum.

2' x 4', 15/16" exposed T-grid, white

2' x 4' acoustic tile with cleanable surface

Lab Support, Equipment and Storage Areas

Ceiling height to be 10'0"

2' x 4', 15/16" exposed T-grid, white

2' x 4' acoustic tile with cleanable surface

Vivarium

Ceiling to be 9'0" high, 5/8 gyp. Board 1-5/8" hat channel and black iron runners, and dropped ceilings in selected areas: hallways, cage wash and offices.

*Lab, Office Cabinetry and Fixed Scientific Equipment*

Construction designation APA C-D plugged with exterior glue, 3/4" thick or 3/4" high-pressure particle board for break rooms, copy/work rooms and conference rooms

Lab casework to be fixed plastic laminate "C frame" modular casework with Trespa or equivalent countertops. Base cabinets to have self closing hinges adjustable shelf standards and shelves, full extension, heavy duty drawer glides

Reagent shelves of 2 shelves and seismic lips.

Fume hoods of the size and locations shown in the TI Construction Documents with flammable, acid or vacuum base cabinets, low flow alarm, utilities and power receptacles specified

Landlord and Tenant to review and mutually agree on the condition of refurbished equipment

*Floor Covering*Office and Admin Areas

Broadloom textured loop with 4" rubber base (carpet tile is acceptable)

Lab/ Lab Support/ Equipment/ Storage Areas

Vinyl composition tile, 12"x12" x1/8" with 4" rubber covered base

Vivarium & Glass Wash

Epoxy flooring w/6" integral coved base

*Paint*

Shall not exceed the VOC and chemical components of Green Seals's Standard GS-11

Epoxy Paint - provide at Vivarium and Glass Wash areas

**COLD ROOMS**

Quantity and number of doors as shown on the TI Construction Drawings

Wall Panels Withstand live lateral load of 100 lbs point load, 5 psf uniform load

Ceiling Panels Withstand their own weight, dead loads, and live loads of 25 lbs with maximum deflection of 1:180

Cooler Rooms Maintain 4 degrees F; plus or minus 2 F degrees

Air Tightness of Assembled Unit Limit air infiltration through assembly to 0.06 cu ft/min/sq ft of wall area, measured at a reference differential pressure across assembly of 1.57 psf as measured in accordance with ASTM E 283

Vapor Seal Interior room atmospheric pressure of 1 inch sp, 72 degrees F, 40 percent RH: No failure

Vapor Tightness Sufficient to eliminate frost accumulation

Insulation Thickness 4 inches

Doors: Overlap type for 34 x 78 inch opening, construction as for walls but with edges closed; 2-1/2 inch thick insulation; flexible gasket containing magnetic strip on four edges; heated gasket thermostatic control with two way air relief valve. Configuration and quantity as shown on drawings

View Windows Sealed insulating glass units in doors

Hardware Cast brass, nylon bearing self closing hinges, roller catch latch and keeper; cylinder lock and inside safety release mechanism

Light Fixtures Vapor tight, incandescent with 150 watt lamp, operating toggle switch on exterior wall of room with pilot light, wired in rigid conduit

Cooling System Direct expansion refrigerant, remote located condensing unit for all rooms, evaporator, unit cooler, self contained with valves, controls, switches, timers, refrigerant piping, insulated suction lines, and wiring. Size and capacity to maintain environment specified; hot gas defrost; electrically heated trace condensate drain; to be placed on emergency power

Cooling Unit Locate remote from cold storage rooms on the roof. Pipe coolant to cold rooms

Low voltage temperature alarm

**FIRE PROTECTION**

*Fire Sprinkler* Modifications to the Base Building system in compliance with recommendations of NFPA 13 for occupancy type. Server Room may be provided with a mutually agreed to dry suppression or pre-action system at Tenant’s option.

*Fire Extinguisher* Quantity required by code

*Fire Alarm* All devices required by code reporting to the addressable system specified in the Base Building scope of work.

**PLUMBING**

All work shall be in strict conformance with the following codes & standards

CA Plumbing Code

CA Building Code

CA Fire Code

Local Fire Department Regulations

National Fire Protection Association

*Materials*

Soil, waste and vent above ground: service-weight, no-hub cast-iron pipe and fittings  
Soil, waste and vent below ground and to 5'-0" outside of building: PVC Industrial waste and vent piping above ground to be plenum rated polypropylene DWV  
Industrial waste and vent piping below ground to be polypropylene DWV  
Industrial waste piping to route to a sample port just prior to connection to sanitary system  
Water and condensate drain piping above ground: Type "L" hard-drawn copper type, ASTM B88, and wrought copper fittings, ANSI B1 6.22. All hot water supply piping shall be insulated with 1-inch thick fiberglass insulation for sizes up to 2-1/2 inch size, 1-1/2 inch thick above 2-inch size piping  
Water piping below ground 4-inches and smaller: Type "K" hard-drawn copper tubing, ASTM B88, and wrought copper fittings ANSI B 16.22, silver brazed joints  
Natural gas piping: buried piping to be Polyethylene per ASTM D2513; above grade to be Schedule 40 black steel per ASTM D2513  
Indirect drains: Type "M" copper fittings, ANSI B16.22, solder joint type. Insulate with Manville Micro-Lok 650AP  
Specialty gas piping shall be type L copper, silver brazed  
Deionized water: Schedule 40 polypropylene with socket fused joints

*Plumbing Fixtures*

Lab sink: approx 25"x 22"x12" deep stainless steel sink bottom mount (rimless)  
Scullery sinks of the size and locations shown in the TI Construction Documents.  
Break rooms to have double compartment stainless steel sinks bottom mount (rimless).  
Emergency Shower/Eyewash: Water Saver Faucet Co. Model SSBF2150 or equivalent

*Drains*

Floor Drains: Cast iron body floor drains with nickel bronze top, membrane clamp and adjustable collar  
Floor Sinks: Cast iron body receptor with acid-resistant coated interior, bottom dome strainer, seepage flange and grate  
Trench drains as mutually agreed to in Fermentation Lab, equipment wash and sterilization areas only

### **HVAC**

All work shall be in strict conformance with the currently adopted editions of the following codes and standards

CA Mechanical Code

CA Plumbing Code

CA Building Code

CA Fire Code

Local Fire Department Regulations  
National Fire Protection Association

Overall building energy performance shall meet or exceed current California Energy Efficiency Standards.

*Server/IT Room* To be provided by tenant as part of TI Funds.

*Environmental Design* The following criteria will be used for sizing the heating and cooling systems:

*Conditions*

Outdoor Ambient Design Conditions:

Summer: 91°F dB, 72°F mwB, 13°F dB outdoor daily range

Winter: 38°F dB

Indoor Conditions for Air Conditioned Area:

Offices, Labs 72°F dB ± 3°F dB, No Humidity Control

Electrical, Telecom, Storage Typical of office space unless equipment requires a more specifically controlled environment

*Ventilation Air* Outdoor air for ventilation per ASHRAE Standard 62-1989

Lab areas to be 100% outside air with the following minimum air change recommendations, or as required by the TI Construction Documents:

1. Non-chemistry areas 8 AC/ Hr
2. Chemistry areas 10 AC/Hr
3. Vivarium areas 15 AC/Hr (rooms with ventilated racks to be engineered or qualified)

*Energy Use & Conservation* The Energy Efficiency Standard, Title 24, to be used to set the minimum performance requirements of the installation

*Ceiling Registers & Diffusers* Ceiling diffusers with perforated face with frame style compatible with the type of ceiling used. Surface mounted diffusers require gaskets to prevent leakage Supply diffusers, Titus-PMC or equal, and snorkels of a quantity and quality to match the existing Tenant facility

*Duct Work* Supply ducts, return ducts, and exhaust ducts plenum chambers, housing, and panels fabricated from zinc-coated (galvanized) steel sheets conforming to the latest ASTM Specs A-525. Zinc-coating to be of the “Commercial” class

Exhaust duct from fume hoods shall be PVC coated galvanized to the main.

Ductwork shall be installed in strict accordance with the latest SMACNA guidelines and shall also adhere to the latest State and Federal seismic requirements

Install flexible ducts in a fully extended condition free of sags and kinks, using minimum length (5' maximum) required for connection. Flexible duct suspended on 36" centers with a min 3/4" wide flat banding material where horizontal support is required. Joints and connections to be made in accordance with Underwriters Laboratories, Inc. Connect to rigid sheet metal with min 1/2" wide collar positively clamped and secured with screws or other approved fastening. All exposed ductwork to be treated to be aesthetically coordinated to blend with the bldg. theme.

*Controls* Purchase and installation of all DDC Controls and utility monitoring devices within the tenant space are part of Tenant Improvement scope of work.

### **ELECTRICAL**

All work shall be in strict conformance with the following codes and standards

NFPA 70 National Electrical Code

NFPA 101 Life Safety Code

BOCA Building Codes

IES - Illuminating Engineering Society of North America

*Distribution* Building metering section and distribution from the main SDG&E electrical room.

Feeders shall be copper conductors (Type THHN or THW) routed in electro metallic tubing (EMT), polyvinylchloride (PVC) conduit, or rigid galvanized steel (RGS) conduit. EMT shall be used in all indoor, concealed locations where the feeder is protected from damage or weather

Feeders shall be sized according to the single line diagram in the construction documents

Feeders shall be rack-mounted in accessible ceiling spaces or routed below grade under the slab

1. Conduit and Wire
  - a. Branch circuits for all power circuits serving office and convenience outlets, control power, etc. to be nominally sized as 120V 20A
  - b. Branch circuits for lighting circuits to be either 277V 20A unless specifically indicated otherwise
  - c. All area branch circuit conductors to be copper and routed in metal conduit
  - d. Branch circuiting to individual offices shall be (3) #12AWG (two 'hot' and one neutral) plus (1) #12 green ground wire forming a two dedicated 120V 20A 3- wire circuits

- e. Each private office to include (3) duplex receptacles, and (2) ring and string location
  - f. Open office system cubicles to be fed with power feeders determined in the TI Construction Documents, but estimated at 2 cubes per dedicated 110 volt, 20 amp circuit.
  - g. MC cable to be provided as for concealed office wall wiring and concealed lighting only. Homeruns to be provided in EMT conduit
2. Electrical Devices
- a. Electrical devices including receptacles and switches shall be rated according to the load served
  - b. Electrical devices shall be white with white thermoplastic cover plates
  - c. Cover plates for receptacles and junction boxes shall be labeled indicating the circuit and panel board from which the device is fed
  - d. Plug strips at each side of the reagent shelves and above benches on the walls and equipment areas of the power, amperage and emergency power requirements outlined in the TI Construction Documents.
  - e. Conference rooms with capacity of 8 people or more to be provided with a flush floor feed for both power and data to the conference room table and conduits to projection wall and top of wall for projection or video monitor equipment connections.
3. Lighting Systems
- a. Fixtures shall be suitable for the application including the ability to provide egress illumination where required
  - b. Fixtures shall meet U.L. requirements and selection and placement of fixtures shall comply with ADA requirements
  - c. All lighting fixtures shall operate at 277V unless specifically noted otherwise
  - d. Lab and office area to consist of direct/indirect linear pendant style fixtures or recessed direct/indirect light fixtures.
  - e. Exit Lights – Lithonia LRP, Green on clear, 120/277, EL N
4. Lighting Control Systems
- a. Lighting control compliant with Title 24 requirements including over-ride control for automatically shutting the lights off at prescribed periods of time
  - b. Lighting controls shall be coordinated with the shell building system and the purchase and installation of all DDC Controls and utility monitoring devices within the tenant space are part of Tenant Improvement scope of work/lighting control equipment to include a programmable lighting control panel,

relay panels (quantity as necessary), over-ride switches (distributed throughout the space), and interconnecting conductors.

- c. Control zones to include perimeter areas for daylight spaces, skylit areas, and interior areas under 5,000SF.
- d. Lighting over-ride switches to be located in corridors.
- e. Mutually agreed to dual-level switching for local control.
- f. Vivarium lighting may be on timer per Tenant's requirements.

*Telephone & Data*

Conduit or Cabling for any tenant use will be the sole responsibility of the tenant even if these run through building areas. Any approved modification to base building areas to support wiring will also be the sole cost of the tenant. Landlord will provide space in first floor MPOE for tenant connection.



Annex 3

Space Plan





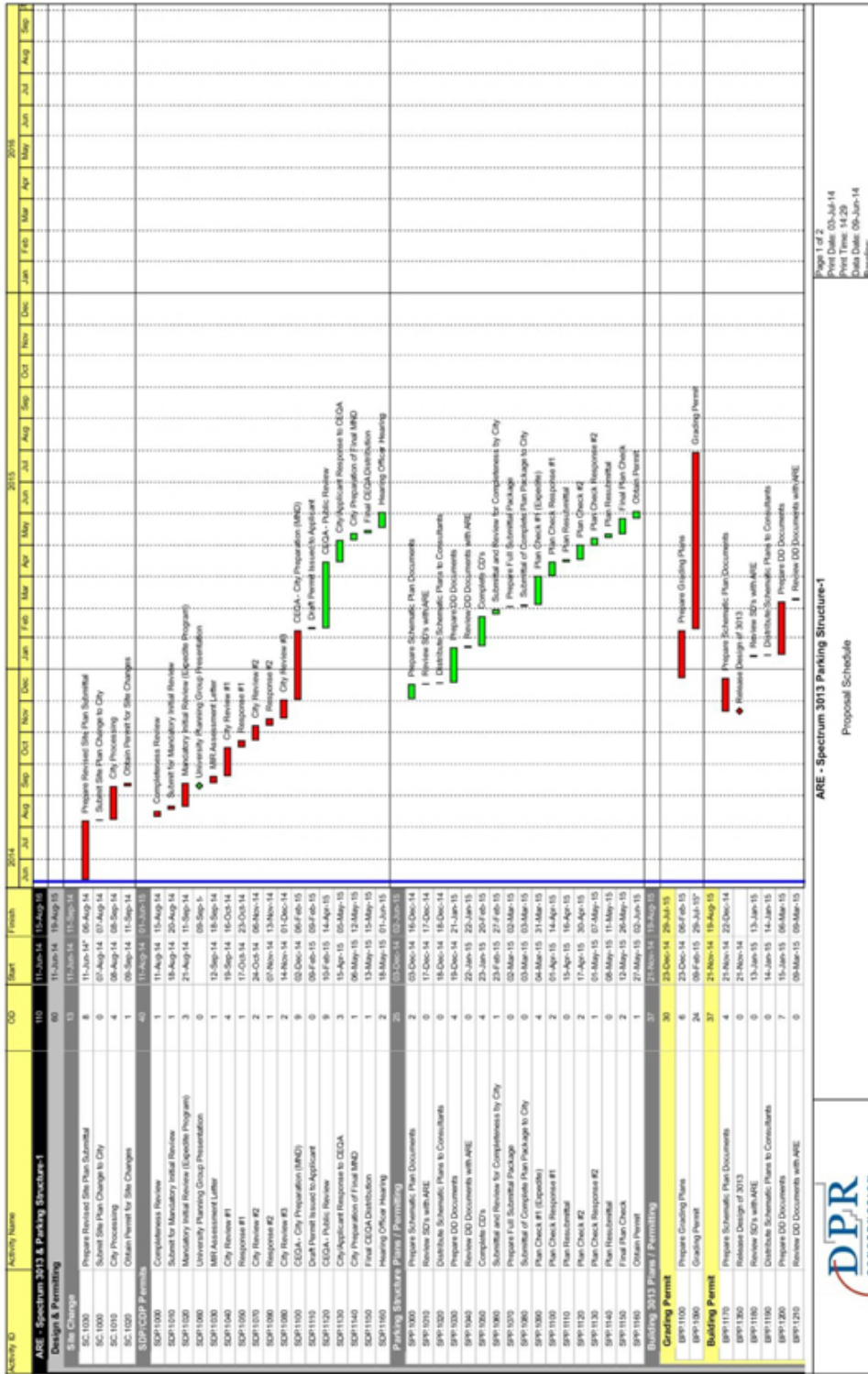
SPECTRUM 2 - LEVEL 2

ALEXANDRIA

DGA Planning | Architecture | Interiors  
445 West Ash Street, San Diego, CA 92108  
© 2012 DGA

Annex 4

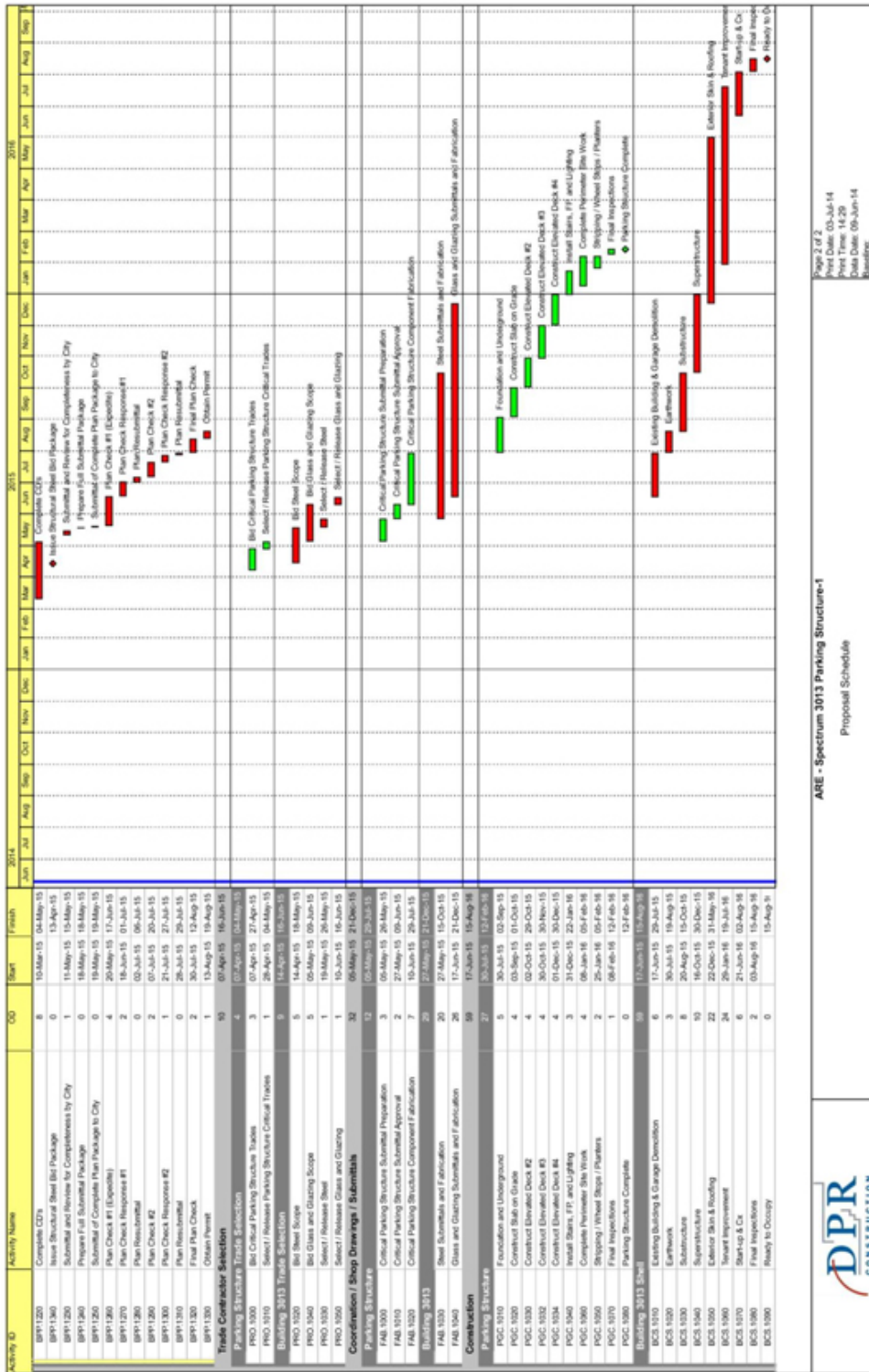
Landlord's Work Schedule



Page 1 of 3  
 Print Date: 03-Jul-14  
 Print Time: 14:28  
 Date Date: 05-Jun-14  
 Revision:

ARE - Spectrum 3013 Parking Structure-1  
 Proposal Schedule





ARE - Spectrum 3013 Parking Structure-1

Proposal Schedule





EXHIBIT D TO LEASE

ACKNOWLEDGMENT OF COMMENCEMENT DATE

This **ACKNOWLEDGMENT OF COMMENCEMENT DATE** is made this     day of     ,     , between **ARE-SD REGION NO. 35, LLC**, a Delaware limited liability company ("**Landlord**"), and **THE MEDICINES COMPANY**, a Delaware corporation ("**Tenant**"), and is attached to and made a part of the Lease dated     ,     (the "**Lease**"), by and between Landlord and Tenant. Any initially capitalized terms used but not defined herein shall have the meanings given them in the Lease.

Landlord and Tenant hereby acknowledge and agree, for all purposes of the Lease, that the Commencement Date of the Base Term of the Lease is     ,     , the Rent Commencement Date is     ,     , and the termination date of the Base Term of the Lease shall be midnight on     ,     . In case of a conflict between the terms of the Lease and the terms of this Acknowledgment of Commencement Date, this Acknowledgment of Commencement Date shall control for all purposes.

IN WITNESS WHEREOF, Landlord and Tenant have executed this **ACKNOWLEDGMENT OF COMMENCEMENT DATE** to be effective on the date first above written.

**TENANT:**

**THE MEDICINES COMPANY,**  
a Delaware corporation

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**LANDLORD:**

**ARE-SD REGION NO. 35, LLC,**  
a Delaware limited liability company

**By: ALEXANDRIA REAL ESTATE EQUITIES, L.P.,**  
a Delaware limited partnership, managing member

**By: ARE-QRS CORP.,**  
a Maryland corporation,  
general partner

By: \_\_\_\_\_  
Its: \_\_\_\_\_

## EXHIBIT E TO LEASE

Rules and Regulations

1. The sidewalk, entries, and driveways of the Project shall not be obstructed by Tenant, or any Tenant Party, or used by them for any purpose other than ingress and egress to and from the Premises.
2. Tenant shall not place any objects, including antennas, outdoor furniture, etc., in the parking areas, landscaped areas or other areas outside of its Premises, or on the roof of the Project.
3. Except for animals assisting the disabled or as otherwise permitted by Landlord, no animals shall be allowed in the offices, halls, or corridors in the Project.
4. Tenant shall not disturb the occupants of the Project or adjoining buildings by the use of any radio or musical instrument or by the making of loud or improper noises.
5. If Tenant desires telegraphic, telephonic or other electric connections in the Premises, Landlord or its agent will direct the electrician as to where and how the wires may be introduced; and, without such direction, no boring or cutting of wires will be permitted. Any such installation or connection shall be made at Tenant's expense.
6. Tenant shall not install or operate any steam or gas engine or boiler, or other mechanical apparatus in the Premises, except as specifically approved in the Lease or used in connection with Tenant's Permitted Use. The use of oil, gas or inflammable liquids for heating, lighting or any other purpose is expressly prohibited. Explosives or other articles deemed extra hazardous shall not be brought into the Project.
7. Parking any type of recreational vehicles is specifically prohibited on or about the Project. Except for the overnight parking of operative vehicles, no vehicle of any type shall be stored in the parking areas at any time, provided that temporary short-term overnight parking by Tenant's employees whiles travelling for business purposes shall be permitted. In the event that a vehicle is disabled, it shall be removed within 48 hours. There shall be no "For Sale" or other advertising signs on or about any parked vehicle. All vehicles shall be parked in the designated parking areas in conformity with all signs and other markings. All parking will be open parking, and no reserved parking, numbering or lettering of individual spaces will be permitted except as specified by Landlord.
8. Tenant shall maintain the Premises free from rodents, insects and other pests.
9. Landlord reserves the right to exclude or expel from the Project any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs or who shall in any manner do any act in violation of the Rules and Regulations of the Project.
10. Tenant shall not cause any unnecessary labor by reason of Tenant's carelessness or indifference in the preservation of good order and cleanliness. Landlord shall not be responsible to Tenant for any loss of property on the Premises, however occurring, or for any damage done to the effects of Tenant by the janitors or any other employee or person.
11. Tenant shall give Landlord prompt notice of any defects in the water, lawn sprinkler, sewage, gas pipes, electrical lights and fixtures, heating apparatus, or any other service equipment affecting the Premises.
12. Tenant shall not permit storage outside the Premises, including without limitation, outside storage of trucks and other vehicles, or dumping of waste or refuse or permit any harmful materials to be placed in any drainage system or sanitary system in or about the Premises.

13. All moveable trash receptacles provided by the trash disposal firm for the Premises must be kept in the trash enclosure areas, if any, provided for that purpose.

14. No auction, public or private, will be permitted on the Premises or the Project.

15. No awnings shall be placed over the windows in the Premises except with the prior written consent of Landlord.

16. The Premises shall not be used for lodging, sleeping or cooking (except with the use of toasters or microwave ovens located in kitchen or breakroom areas of the Premises) or for any immoral or illegal purposes or for any purpose other than that specified in the Lease. No gaming devices shall be operated in the Premises.

17. Tenant shall ascertain from Landlord the maximum amount of electrical current which can safely be used in the Premises, taking into account the capacity of the electrical wiring in the Project and the Premises and the needs of other tenants, and shall not use more than such safe capacity. Landlord's consent to the installation of electric equipment shall not relieve Tenant from the obligation not to use more electricity than such safe capacity.

18. Tenant assumes full responsibility for protecting the Premises from theft, robbery and pilferage.

19. Tenant shall not install or operate on the Premises any machinery or mechanical devices of a nature not directly related to Tenant's ordinary use of the Premises and shall keep all such machinery free of vibration, noise and air waves which may be transmitted beyond the Premises.

## EXHIBIT F TO LEASE

TENANT'S PERSONAL PROPERTY

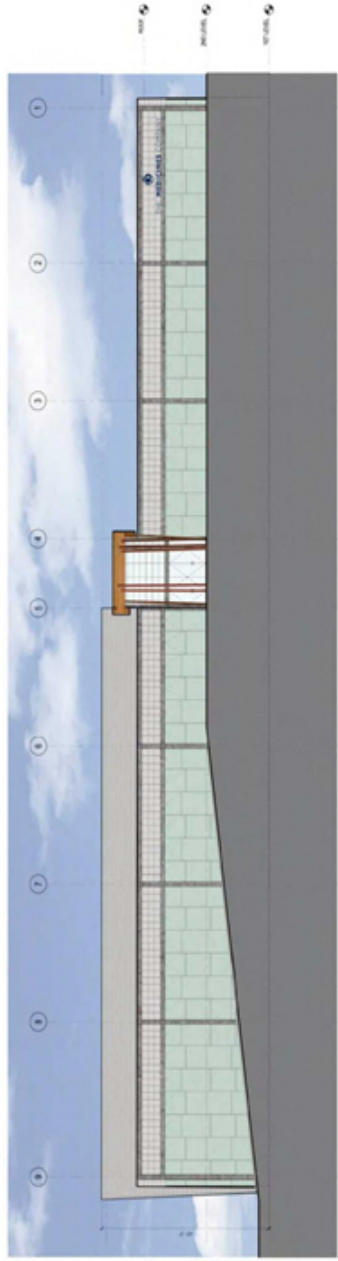
<u>Equipment</u>	<u>Location/use</u>
Analytical HPLC	Chemistry
MS Detector for HPLC	Chemistry
Prep module for HPLC	Chemistry
Automated melting point apparatus	Chemistry
Microwave apparatus	Chemistry
Rotary evaporator (replacement)	Chemistry
Vacuum pump (replacement)	Chemistry
Chemical Inventory software	Chemistry
NMR Spectrometer	Chemistry
Autosampler for NMR	Chemistry
Gel imager	Biology
Turbovap 96 evaporator	Biology
Sciex 5500Q system with HPLC	Biology
Beckman J2-21 centrifuge	Biology
Agilent G1312A binary gradient pump	Biology
accuSpin™ Micro 17/Micro 17R Microcentrifuges	Pharmacology
HD 22/2000 Syringe Pump Infusion Only 2-Syringe Rack Standard Pressure (2 total)	Pharmacology
Thermo Scientific Heratherm General Protocol 26.4 cuft Gravity Convection Incubator, 120V	Pharmacology
Mobile anesthesia machine V10	Pharmacology
Rack, s/s, 12 cages 3600/3700/3701 vertical type, mm - 2 total	Pharmacology
Isotemp-General purpose-Refrigerator	Pharmacology
Metabolic cage, rats 150>300g all included, stand excepted - 24 total	Pharmacology
lic urine collection Chiller complete with tubes - 24 total	Pharmacology
High Volume Personal Pipettor	Biology
LCMS-210EV Detector Unit	Chemistry Lab
Dionex used HPLC with CAD and PDA Detectors	Chemistry Lab
Preparative LC-MS System	Chemistry Lab
OT Initiator & Microwave System	Biology
Dionex used HPLC w/ CAD and PDA Detectors	Chemistry Lab
Combi-Flash Rf-200 Automated Flash Chromatography System	Chemistry Lab
CombiFlash Companion Separation System	Chemistry Lab
ABI 7000 Real time PCR	Biology
Sanyo Scientific Upright Model MDF-U76VC	Lab
Refurbished Gemini EM Fluorescent Plate Reader	BioLab
GC-2014 gas chromatograph	Lab Room



<u>Equipment</u>	<u>Location/use</u>
Sanyo Scientific Upright Model MDF-U76VC	Lab Room
Molecular Devices Spectramax Plus 384	
A&D BM-22 Micro Balance	BioLab
Combiflash Companion Automated Flash Chromatography System	Chemistry Lab
Lyophilizer - Labconoco FreezeZone	Chemistry Lab
Multimek 96 liquid handler head (purchased rebuilt)	Biology
HPLC Titan Column	Chemistry Lab
Labconco 44204-00 Flaskscrubber Glass Washer Item #201-0942	Biology
Repair and Rebuilder of Freezer	Chemistry Lab
80 Freezer - Kendro (Harris/Revco) Model DLT-25V-85D39	Biology
Countess Cell Counter Starter	TC Lab
Melting point apparatus (MPA100) and printer (0100P)	Chemistry
Rotavapor and Vacuum Pump	Chemistry Lab
Rotavapor and Vacuum Pump	Chemistry Lab
Rotavapor and Vacuum Pump	Chemistry Lab
Agilent G1312A Binary gradient pump (use) serial # DE23911600	Biology
Ice Machine (paid with May Amex LS Corp Card)	BioLab
Fisher Scientific Accuspin Micro R	Jamie Ruff
Optimizer Microwave	Chemistry Lab
Syringe Pump Harvard apparatus PhD2000	Lab
SAI 3D Programmable Syringe Pump with Pole Clamp and AC Charger	Pharmacology
Genevac HT4	Chemistry Lab
Welch 1402B Vacuum Pump (replaced fixed asset #124)	Chemistry
Food Service Inc - Ice Machine	Chem Lab
Yamato Sterilizer SN510	Media Lab
LC-MS w/ Computer/Printer	Chemistry Lab
Syringe Pump Harvard apparatus PhD2000	Vivarium
Analytical Balance	Chemistry Lab
2 Temperature Controller	Chemistry Lab
Vacuum Oven	Chemistry Lab
Vacumm Pump	Chemistry Lab
Refrigerator/Freezer	Chemistry Lab
Pump Replacement - Labconco 44204-00 Flaskscrubber Glass Washer Item #201-0942	Biology
Vacumm Pump	Chemistry Lab
2 Safety Cabinets	Chemistry Lab
Used Sanyo -MCO-18AIC-CO2 Incubator	TC Lab
Precision 19 Vacuum Oven	Chemistry Lab
Rotary Evaporator	Chemistry Lab
Rotavapor	Chemistry Lab
Beckman type 42.2 rotor	Mpex Lab
Circulating Chiller and Cart	Chemistry Lab
Eppendorf 5415D Microcentrifug & 24 Place Rotor	Mpex Lab
Lyopholizer	Chemistry Lab
Vacuum Pump-belt Drive	Chemistry Lab

SIGNAGE





1. OVERALL LENGTH WITH LOGO TYPE, 100 SQ. FT. SHOWN (MAXED OUT) SIGN SPECIFICATIONS TBD

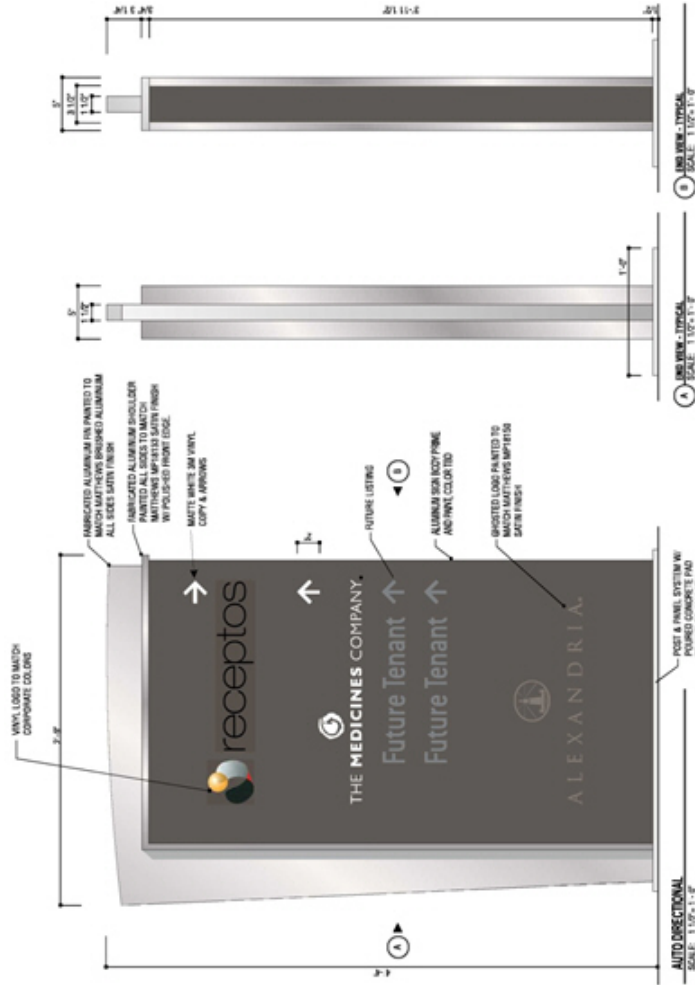
**charlaine**  
 ARCHITECTURAL SIGNAGE  
 ( 8 8 1 5 6 6 - 8 8 6 8 )  
 F A X ( 8 8 8 1 5 6 6 - 8 2 5 5 )

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JOB NAME: SPECTRIUM  
 RFL: 2013 SCIENCE PARK RD.  
 NUMBER: 11728NE PAGE 2 OF 4  
 STATUS: SHOWN  
 DATE: 7.25.14  
 CLIENT: ALEXANDRIA REAL ESTATE EQUITIES  
 DRAWING: DWG

APPROVAL:  OK as is  
 OK with corrections or changes as noted.  
 Make corrections/changes as indicated and show revised.  
 (Make any corrections/changes as indicated and show revised. If you do not agree to take responsibility for errors appearing on this submittal that may be discovered after job is completed.)  
 APPROVED: SIGNATURE/DATE





**charlaine**  
 ARCHITECTURAL SIGNS & GRAPHICS  
 (800) 566-8868  
 F.A.X. (800) 566-8255

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JOB NAME: SPECTRUM  
 P.L.O.: 3013 SCIENCE PARK RD.  
 NUMBER: 1172RDS PAGE 4 OF 4  
 SCALE: 1/16"  
 DATE: 7-7-14  
 CLIENT: ALEXANDRIA REAL ESTATE EQUITIES  
 DRAWING: DWG

APPROVAL:  OK as is  
 OK with corrections or changes as noted.  
 Make corrections/changes as indicated and show revised.  
 (Make any notes and corrections on this drawing. Do not sign or stamp until all corrections have been made and approved. Signature taken responsibility for errors appearing on this submitted set may be discovered after job is completed.)

APPROVED: SIGNATURE/DATE

## FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE (this “**First Amendment**”) is dated as of December \_\_\_\_, 2016, but made effective as of October 1, 2016, by and between **ARE-SD REGION NO. 35, LLC**, a Delaware limited liability company (“**Landlord**”), and **THE MEDICINES COMPANY**, a Delaware corporation (“**Tenant**”).

### RECITALS

**A.** Landlord and Tenant are parties to that certain Lease Agreement dated as of October 1, 2014 (the “**Lease**”). Pursuant to the Lease, Tenant agreed to lease from Landlord certain “**Premises**” containing approximately 63,000 rentable square feet of space in that certain to be constructed building to be known as 3013 Science Park Road, San Diego, California. The Premises are more particularly described in the Lease. Capitalized terms used herein without definition shall have the meanings defined for such terms in the Lease.

**B.** Landlord and Tenant desire, subject to the terms and conditions set forth herein, to stipulate to the Commencement Date and to otherwise modify the Lease as set forth herein.

**NOW, THEREFORE**, in consideration of the foregoing Recitals, which are incorporated herein by this reference, the mutual promises and conditions contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

### **Delivery; Commencement Date.**

Section 2 of the Lease is hereby deleted in its entirety and replaced with the following:

“**2. Delivery; Acceptance of Premises; Commencement Date.** Landlord shall use reasonable efforts to deliver (“**Delivery**” or “**Deliver**”) (i) the first floor of the Premises (the “**First Floor Premises**”) to Tenant on or before the First Floor Target Delivery Date (as defined below), and (ii) the second floor of the Premises (the “**Second Floor Premises**”) to Tenant on or before the Second Floor Target Delivery Date (as defined below). Upon Delivery to Tenant of the First Floor Premises (the date on which such Delivery occurs shall be the “**First Floor Delivery Date**”), Landlord’s Work in the First Floor Premises shall be Substantially Completed and the parking structure serving the Project in the location shown on Exhibit B will be substantially complete and available for Tenant’s use. Upon Delivery to Tenant of the Second Floor Premises (the date on which such Delivery occurs shall be the “**Second Floor Delivery Date**”), Landlord’s Work in the Second Floor Premises shall be Substantially Completed. As of the date hereof, Landlord’s Work in the First Floor Premises is scheduled to be Substantially Completed on or before January 31, 2017 (the “**First Floor Target Delivery Date**”) and Landlord’s Work in the Second Floor Premises is scheduled to be Substantially Completed on or before March 17, 2017 (the “**Second Floor Target Delivery Date**”). If Landlord fails to timely Deliver the First Floor Premises or the Second Floor Premises, Landlord shall not be liable to Tenant for any loss or damage resulting therefrom, and this Lease shall not be void or voidable except as provided herein. If Landlord does not Deliver the First Floor Premises within 270 days of the First Floor Target Delivery Date or Landlord does not Deliver the Second Floor Premises within 270 days of the Second Floor Target Delivery Date, in either and/or both cases for

any reason other than Force Majeure delays and Tenant Delays occurring after the date of the First Amendment, this Lease may be terminated by Tenant by written notice to Landlord, and if so terminated by Tenant, neither Landlord nor Tenant shall have any further rights, duties or obligations under this Lease, except with respect to provisions which expressly survive termination of this Lease and Landlord will return any amounts paid to Landlord by Tenant pursuant to the terms of this Lease. As used herein, the terms “**Landlord’s Work**,” “**Tenant Delays**” and “**Substantially Completed**” shall have the meanings set forth for such terms in the Work Letter. If Tenant does not elect to void this Lease within 10 business days of the lapse of the applicable 270 day period, such right to void this Lease shall be waived and this Lease shall remain in full force and effect; provided that Tenant will have a second right to terminate this Lease in the event Landlord has still not Delivered the First Floor Premises within 365 days of the First Floor Target Delivery Date for any reason other than Force Majeure delays and Tenant Delays occurring after the date of the First Amendment, which right will be exercisable for a period of 10 business days after such 365 day period.

Notwithstanding the fact that the Premises will not be Delivered to Tenant by such date, Landlord and Tenant hereby agree that the “**Commencement Date**” of the Lease shall be October 1, 2016, which date shall be subject to day for day extension for Force Majeure delays and Landlord Delays (as defined below). Notwithstanding anything to the contrary contained in this Lease, but provided Tenant is not in Default hereunder, Landlord hereby grants Tenant an abatement of the Base Rent payable during the period beginning on the Commencement Date and ending 10 months after the Commencement Date (“**Base Rent Abatement**”). For the avoidance of any doubt, there is a single Base Rent Abatement period for the entire Premises that commences on Commencement Date (and not separate Base Rent Abatement periods for the First Floor Premises and the Second Floor Premises.) Subject to the terms of Section 3(a) below, the first day of the 11<sup>th</sup> month after the Commencement Date shall be the “**Rent Commencement Date**.” In the event Landlord Delivers the First Floor Premises to Tenant more than 180 days after the First Floor Target Delivery Date (other than as a result of Force Majeure delays and Tenant Delays), the Base Rent Abatement shall be extended and the Rent Commencement Date shall be delayed 1 day for each day after the First Floor Target Delivery Date (as extended on a day for day basis as a result of Force Majeure delays and Tenant Delays) that Landlord fails to Deliver the First Floor Premises to Tenant. In the event Landlord Delivers the Second Floor Premises to Tenant more than 15 days after the Second Floor Target Delivery Date (other than as a result of Force Majeure delays and Tenant Delays), the Rent Commencement Date but only as it applies to Tenant’s obligation to pay Base Rent for the Second Floor Premises portion of the Premises shall be delayed 1 day for each day after the Second Floor Target Delivery Date (as extended on a day for day basis as a result of Force Majeure delays and Tenant Delays) that Landlord fails to Deliver the Second Floor Premises to Tenant.

Upon request of Landlord, Tenant shall execute and deliver a written acknowledgment of the Commencement Date, the First Floor Delivery Date, the Second Floor Delivery Date, the Rent Commencement Date and the expiration date of the Term when such are established in the form of the “Acknowledgement of Commencement Date” attached to this Lease as **Exhibit D**; provided, however, Tenant’s failure to execute and deliver such acknowledgment shall not affect Landlord’s rights hereunder. The “**Term**” of this Lease shall be the Base Term, as defined above on the first page of this Lease and any Extension Terms which Tenant may elect pursuant to Section 39 hereof.

Except as set forth in the Work Letter or otherwise expressly set forth in this Lease: (i) Tenant shall accept the First Floor Premises in their condition as of the First Floor Delivery Date with all Landlord’s Work in the First Floor Premises Substantially Complete; (ii) Tenant shall accept the Second Floor Premises in their condition as of the Second Floor Delivery Date with all

Landlord's Work in the Second Floor Premises Substantially Complete; (iii) Landlord shall have no liability for any defects in the Premises, except as set forth herein or in the Work Letter; and (iv) Tenant's taking possession of the First Floor Premises and the Second Floor Premises, respectively, shall be conclusive evidence that Tenant accepts the First Floor Premises and the Second Floor Premises, respectively, and that the First Floor Premises and the Second Floor Premises, respectively, were in good condition at the time possession was taken. Tenant will not be permitted occupancy of the First Floor Premises prior to the date upon which the First Floor Premises are Delivered to Tenant with Landlord's Work in the First Floor Premises Substantially Completed nor shall Tenant be permitted occupancy of the Second Floor Premises prior to the date upon which the Second Floor Premises are Delivered to Tenant with Landlord's Work in the Second Floor Premises Substantially Completed.

Except as otherwise expressly set forth in this Lease (including the Work Letter), Tenant agrees and acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty with respect to the condition of all or any portion of the Premises or the Project, and/or the suitability of the Premises or the Project for the conduct of Tenant's business, and Tenant waives any implied warranty that the Premises or the Project are suitable for the Permitted Use. This Lease (including all exhibits attached hereto and any side letters entered into by and between Landlord and Tenant in connection with this Lease) constitutes the complete agreement of Landlord and Tenant with respect to the subject matter hereof and supersedes any and all prior representations, inducements, promises, agreements, understandings and negotiations which are not contained herein." Landlord and Tenant hereby agree and acknowledge that the stipulated Commencement Date of October 1, 2016, is being agreed upon by the parties to account for certain delays (including, without limitation, Tenant Delays) which have occurred up to the date of this First Amendment and such Commencement Date takes into account all such delays and will not be altered for any other delays which may have occurred or are claimed to have occurred up to and including the date of this First Amendment.

**Landlord Delays, Construction Period and Excess TI Costs.**

a. As used in the Lease, the term "**Landlord Delay**" shall mean (x) any actual delay resulting directly from Landlord's failure to approve or disapprove (pursuant to the terms of the Work Letter) any item requiring Landlord's approval or disapproval within the time period provided for such approval or disapproval in the Work Letter, or if no period is provided within a reasonable period (not to exceed 5 business days unless more than 5 business days is reasonably required for Landlord to obtain the information reasonably determined by Landlord to be necessary to grant its approval or disapproval), (y) any actual delay in the design and/or construction of Landlord's Work caused by Landlord's employees, agents, contractors or Landlord Representatives; provided, however, that if Tenant or any of Tenant's Representatives have knowledge of the Landlord Delay it shall only be a Landlord Delay if the delay is not cured within one (1) business day after Landlord's receipt of written notice thereof from Tenant, or (z) other than as a result of Force Majeure delays, the failure to substantially complete the parking structure serving the Project and make such structure available for Tenant's use by the First Floor Delivery Date. In no event shall any Landlord Delay be attributed to any period prior to the date of this First Amendment.

b. Section 7(b)(i) of the Work Letter attached as Exhibit C to the Lease is hereby amended and restated as follows:

"(i) "**Construction Period**" shall mean the period from the date of the Lease until the date of Delivery of the Premises to Tenant with Landlord's Work Substantially Complete (regardless of any Tenant Delays); provided, however, that, if there are more than 120 days of Tenant Delay



which occur after the date of this First Amendment, Landlord may if it so elects, notwithstanding anything to the contrary contained in the Lease (and/or this Work Letter), (x) terminate this Lease, upon written notice to Tenant, in which case the Construction Period shall terminate and Landlord may pursue all of its rights and remedies under the Lease (and this Work Letter) or (y) construct and Deliver (i) the First Floor Premises (as defined in the First Amendment) with Tenant Improvements shown in the space plan attached to the First Amendment as Annex 3 and (ii) the Second Floor Premises (as defined in the First Amendment) with Tenant Improvements as determined by Landlord, in its sole and absolute discretion including, without limitation, changing the TI Construction Drawings so that the Tenant Improvements are consistent with a so-called spec build-out for one or more tenants and without any further input required or permitted by Tenant, but Tenant shall not be responsible for Excess TI Costs with respect to the Tenant Improvements in excess of the remaining Tenant Improvement Allowance (plus any Additional Tenant Improvement Allowance elected to be used by Tenant) unless Tenant has approved such Excess TI Costs (in Tenant's sole discretion), and Tenant agrees to accept the Second Floor Premises in their as is condition upon Delivery."

c. Attached hereto as **Exhibit A** is the current Budget for the Tenant Improvements. Tenant acknowledges and agrees that, as of the date of this First Amendment, Tenant approves Excess TI Costs in the amount of \$1,130,784. Tenant hereby elects, and Landlord agrees, to apply the entire Additional Tenant Improvement Allowance as set forth in Section 5(b) of the Work Letter toward the cost of the Tenant Improvements. The Excess TI Costs remaining after application of the Additional Tenant Improvement Allowance will, subject to the terms of the Work Letter, initially be paid by Tenant in two installments, the first no later than December 9, 2016 and the second on January 16, 2017, subject to Tenant's receipt of supporting documentation reflecting the amount owed at least five (5) business days prior to each payment date (and each such payment date shall be extended on a day for day basis if Tenant has not received the supporting documentation at least five (5) business days prior to such payment date).

### **Operating Expenses.**

The first 2 paragraphs of Section 5 of the Lease are hereby deleted in their entirety and replaced with the following:

"5. **Operating Expense Payments.** Landlord shall deliver to Tenant a written estimate of Operating Expenses for each calendar year during the Term (the "**Annual Estimate**"), which may be revised by Landlord from time to time during such calendar year. Commencing on (i) with respect to the First Floor Premises, the earlier to occur of the First Floor Delivery Date or the date that Landlord could have Delivered the First Floor Premises to Tenant but for Tenant Delays occurring after the date of the First Amendment, and (ii) with respect to the Second Floor Premises, the earlier to occur of the Second Floor Delivery Date or the date that Landlord could have Delivered the Second Floor Premises to Tenant but for Tenant Delays occurring after the date of the First Amendment, and continuing thereafter on the first day of each month during the Term, Tenant shall pay Landlord an amount equal to 1/12th of Tenant's Share of the Annual Estimate. Payments for any fractional calendar month shall be prorated.

Notwithstanding anything to the contrary contained in this Lease, for the period commencing on the First Floor Delivery Date through the Second Floor Delivery Date, Tenant shall only be required to pay Operating Expenses with respect to the First Floor Premises (and during such period Tenant's Share of Operating Expenses of the Building shall be 49.53% and Tenant's Share of Operating Expenses of Project shall be 18.81%). Tenant shall commence paying Operating Expenses with respect to the Second Floor Premises on the Second Floor Delivery Date; provided, however, that for the period commencing on the Second

Floor Delivery Date through the last day of the 18<sup>th</sup> month after the First Floor Delivery Date, Tenant shall be required to pay Operating Expenses with respect to only 50,000 rentable square feet of the Premises. During such period, Tenant's Share of Operating Expenses of Building shall be 79.37% and Tenant's Share of Operating Expenses of Project shall be 30.13%. Tenant shall commence paying Operating Expenses with respect to the entire Premises on the first day of the 19<sup>th</sup> month after the First Floor Delivery Date."

Section 5(a) of the Lease is hereby deleted in its entirety and replaced with the following:

"(a) the original construction costs of the Project and renovation prior to the First Floor Delivery Date (and the original construction costs of the parking structure) and costs of correcting defects in all such original construction or renovation;"

**First Floor Delivery Date.** The reference to "Commencement Date" is changed to "First Floor Delivery Date" in all instances where it appears in the following locations: Section 7, Section 9, Section 17 and Section 30.

**Community Center Amenities.** Notwithstanding anything to the contrary contained in the Lease, the Amenities Commencement Date shall occur on the earlier to occur of the First Floor Premises Delivery Date and the date that Landlord could have Delivered the First Floor Premises but for Tenant Delays and Tenant shall commence paying the Amenities Fee for the First Floor Premises portion of the Premises. Tenant shall commence paying the Amenities Fee for the Second Floor Premises portion of the Premises on the earlier to occur of the Second Floor Premises Delivery Date and the date that Landlord could have Delivered the Second Floor Premises but for Tenant Delays.

**Discontinued Use.** The reference to "Rent Commencement Date" in Section 44(p) of the Lease is hereby deleted and replaced with "First Floor Delivery Date."

**Utilities/Repair and Maintenance.** Tenant's obligation to pay for Utilities as set forth in Section 11 and Tenant's repair and maintenance obligations under the Lease will not commence until the First Floor Delivery Date with respect to the First Floor Premises and with respect to the Second Floor Deliver Date with respect to the Second Floor Premises.

**Space Plan/Schedule.** Landlord and Tenant have approved a revised space plan for the Tenant Improvements and Annex 3 to the Lease is hereby replaced with Annex 3 attached to this First Amendment. The current schedule for completion of the Tenant Improvements is attached hereto as Annex 4.

**Other Work Letter Changes.**

a. Landlord will insure (or cause the applicable contractor(s) to insure) the Landlord's Work with respect to the First Floor Premises until the First Floor Delivery Date and any damage to Landlord's Work in the First Floor Premises prior to such date shall be repaired by Landlord. Landlord will insure (or cause the applicable contractor(s) to insure) the Landlord's Work with respect to the Second Floor Premises until the Second Floor Delivery Date and any damage to Landlord's Work in the Second Floor Premises prior to such date shall be repaired by Landlord.

b. Tenant shall not have the right to request any Changes to the First Floor Premises which may delay the delivery of the First Floor Premises beyond February 14, 2017.

**OFAC.** Tenant is currently (a) in compliance with and shall at all times during the Term of the Lease remain in compliance with the regulations of the Office of Foreign Assets Control ("OFAC") of the U.S.

Department of Treasury and any statute, executive order, or regulation relating thereto (collectively, the “OFAC Rules”), (b) not listed on, and shall not during the term of the Lease be listed on, the Specially Designated Nationals and Blocked Persons List, Foreign Sanctions Evaders List or the Sectoral Sanctions Identifications List, which are all maintained by OFAC and/or on any other similar list maintained by OFAC or other governmental authority pursuant to any authorizing statute, executive order, or regulation, and (c) not a person or entity with whom a U.S. person is prohibited from conducting business under the OFAC Rules.

**Miscellaneous.**

This First Amendment is the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous oral and written agreements and discussions. This First Amendment may be amended only by an agreement in writing, signed by the parties hereto.

This First Amendment is binding upon and shall inure to the benefit of the parties hereto and their respective agents and assigns.

This First Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto except having additional signature pages executed by other parties to this First Amendment attached thereto.

Except as amended and/or modified by this First Amendment, the Lease is hereby ratified and confirmed and all other terms of the Lease shall remain in full force and effect, unaltered and unchanged by this First Amendment. In the event of any conflict between the provisions of this First Amendment and the provisions of the Lease, the provisions of this First Amendment shall prevail. Whether or not specifically amended by this First Amendment, all of the terms and provisions of the Lease are hereby amended to the extent necessary to give effect to the purpose and intent of this First Amendment.

**TENANT:**

**THE MEDICINES COMPANY,**  
a Delaware corporation

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**LANDLORD:**

**ARE-SD REGION NO. 35, LLC,**  
a Delaware limited liability company  
By: **ALEXANDRIA REAL ESTATE EQUITIES, L.P.,**  
a Delaware limited partnership,  
managing member

By: **ARE-QRS CORP.,**  
a Maryland corporation,  
general partner

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**Exhibit A**

**Budget**

**3013 Science Center Drive - The Medicines Company**

December 6, 2016

**Building** Spectrum 11 - 3013 Science Park Road  
**Tenant** The Medicines Company  
**Suite** N/A

**Rentable Square Feet (subject to change)** 63,000  
**Usable Square Feet (subject to change)** 63,000

Item	Comments	Qty	Unit	\$/Unit	Total
<b>Hard Costs</b>					
DPR Guaranteed Maximum Price	Phase 1 GMP dated 08/05/16	33,000	sf	\$337.15	\$11,126,000
L2 Finishes	Phase 2 GMP dated 10/10/2016, from warm shell condition	30,000		\$113.83	\$3,415,000
FF&E	Not Included	63,000	sf	\$0.00	\$0
<b>Total Hard Cost</b>		<b>63,000</b>	<b>sf</b>		<b>\$14,541,000</b>
<b>Soft Costs</b>					
Base Design Contract - DGA					\$668,820
Architectural Change Order #03					\$66,666
Architectural Change Order #04	L1 Test fin				\$37,800
Architectural Change Order #05	L2 Test Fin, Common Lobby				\$26,800
Architectural Change Order #06	Full First Floor & Majority MEP Re-design				\$274,950
Architectural Change Order #07	Sewer Engineering				\$7,370
Architectural Change Order #08	Second Floor Architectural & MEP				\$269,855
Architectural Change Order #09	Recycled Casework				\$14,025
Architectural Change Order #10	L2 Test Fin T&M, Arch Flash Study				\$16,350
Title 24 Code Part 6 Commissioning - Tim Short Engineering					\$28,500
Commissioning - exp.					\$79,550
Acoustical Consultant Allowance					\$5,000
Special Inspections	ESTIMATE				\$32,000
Permits & Fees	Paid to date, includes L1 Construction Change, L2 new permit				\$137,098
Remaining Permits & Fees	ESTIMATE				\$0
<b>Total Soft Costs</b>					<b>\$1,664,784</b>
Contingency		0.00%			\$0
<b>Administrative Costs</b>					
Hughes Marino					210,000
Landlord Administrative Rent					150,000
<b>Total Administrative Costs</b>					<b>\$360,000</b>
<b>Total Tenant Improvement Cost</b>		<b>63,000</b>		<b>\$262.95</b>	<b>\$16,565,784</b>
Tenant Improvement Allowance		63,000	\$200		12,600,000
Additional Tenant Improvement Allowance (MedCo Requested)		63,000	\$45		2,835,000
<b>Total Allowance</b>					<b>15,435,000</b>
<b>TI Allowance - Cost Delta (Tenant Funded)</b>					<b>(\$1,130,784)</b>

SPACE PLAN



DGA planning | architecture | interiors

The Medicines Company



ALEXANDRIA. Spectrum 2 - MEDCO 1ST FLOOR

12/01/16  
1/16" = 1'-0"

Annex 3-1



12/01/16  
1/16" = 1'-0"

 ALEXANDRIA, Spectrum 2 - 2ND FLOOR

The Medicines Company

DGA planning | architecture | interiors

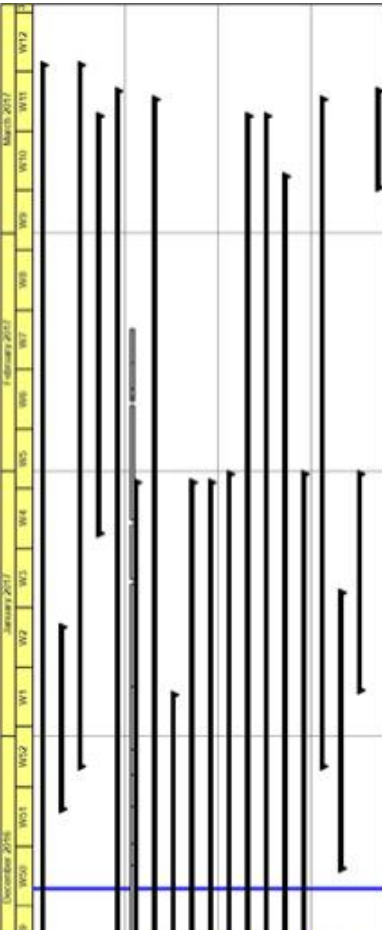


Annex 3-2

CONSTRUCTION SCHEDULE

Annex 3-1



Activity ID	Activity Name	Start	Finish	December 2016			January 2017			February 2017			March 2017				
				Wk 48	Wk 49	Wk 50	Wk 01	Wk 02	Wk 03	Wk 04	Wk 05	Wk 06	Wk 07	Wk 08	Wk 09	Wk 10	Wk 11
<b>ARE - Spectrum 3013 Shell/TI Medco Re-programming</b>																	
<b>Project Milestones</b>																	
<b>Tenant Improvement Milestones</b>																	
<b>2nd Floor Milestones</b>																	
<b>Construction</b>																	
<b>Building 3013 Shell</b>																	
<b>Building 3013 TI</b>																	
<b>Utility Rooms and Roof</b>																	
<b>Area 2 - L1 Vivarium</b>																	
<b>Area 3 - L1 Labs</b>																	
<b>Area 4 - L1 Offices and Conf. Rms.</b>																	
<b>2nd Floor Spec Suites</b>																	
<b>East Side Lab and Offices</b>																	
<b>West Side Offices</b>																	
<b>Area 5 - Core and Lobby</b>																	
<b>Start-up / Ct</b>																	
<b>TI Site Improvements</b>																	
<b>Final Inspections / Occupancy 1st Floor</b>																	
<b>Final Inspections / Occupancy 2nd Floor</b>																	
																	

Annex 3-2



Medco TI

Page 1 of 1  
Print Date: 16-Dec-16  
Date Due: 14-Dec-16

**EXHIBIT D**  
**LETTER OF CREDIT**

The Medicines Company  
8 Sylvan Way  
Parsippany, New Jersey 07054  
ATTN: \_\_\_\_\_

RE: Irrevocable Letter of Credit No. \_\_\_\_\_ for U.S. \$424,644.28

Ladies and Gentlemen:

We hereby issue our irrevocable Letter of Credit No. \_\_\_\_\_ in favor of THE MEDICINES COMPANY, a Delaware corporation ("Beneficiary"), for the account of GOSSAMER BIO, INC., a \_\_\_\_\_ corporation ("Applicant")

We undertake to honor from time to time your draft or drafts at sight on us not exceeding in the aggregate Four Hundred Twenty-Four Thousand Six Hundred Forty-Four and 28/100 U.S. Dollars (U.S. \$424,644.28). All drafts hereunder must be marked "Drawn under Irrevocable Letter of Credit No. \_\_\_\_\_, dated \_\_\_\_\_, 20\_\_\_\_."

Presentation of drafts drawn hereunder may be made at any time on or before the expiration date hereof at our offices located at \_\_\_\_\_ . Presentation on or before noon of any day other than a Saturday, Sunday or other day on which all commercial banks in (city), (state) are authorized or required to be closed ("Banking Day") shall result in payment to Beneficiary on the same date. Drafts presented after noon on any Banking Day shall result in payment to Beneficiary on the next Banking Day. We hereby waive any right that we may otherwise have to delay payment to a later date. If the expiration date is not a Banking Day, drafts presented on the first following Banking Day shall be deemed timely. Any notice of dishonor must be given within the applicable time period set forth above for payment.

Partial drawings are permitted, and this Letter of Credit shall, except to the extent reduced thereby, survive any partial drawings.

This Letter of Credit is valid through and including \_\_\_\_\_, 20\_\_\_\_\_.

It is a condition of this Letter of Credit that it shall be automatically renewed for successive terms of one (1) year from the above-stated or any future expiration date, which shall become effective without amendment unless Beneficiary receives, not less than sixty (60) days before the above-stated or any future expiration date, written notice from us (in the manner below provided) that we have elected not to renew this Letter of Credit for any

such additional term. If Beneficiary receives such notice of non-renewal from us, then Beneficiary may at any time prior to the then current expiration date hereof present its draft for payment hereunder.

Any notice to Beneficiary in connection with this Letter of Credit shall be in writing and shall be delivered in hand with receipt acknowledged, or by certified mail (return receipt requested), to The Medicines Company, 8 Sylvan Way, Parsippany, New Jersey 07054, ATTN: \_\_\_\_\_  
\_\_\_\_\_ (or to such other address for any such notices which Beneficiary may hereafter specify) in a written notice delivered to the undersigned.

We agree that we shall have no duty or right to inquire as to the basis upon which Beneficiary has determined to present to us any draft under this Letter of Credit. We hereby waive any defense based upon any allegation of fraud.

We shall not be required or entitled to inquire as to the authority of the person signing any draft or other instrument contemplated hereunder on behalf of Beneficiary, and we shall accept such signature as conclusive evidence of authority.

This Letter of Credit is transferable in its entirety and not in part to any transferee. Upon any such transfer, all references herein to the beneficiary shall be automatically changed to such transferee, and draft(s) may be issued by such transferee rather than the beneficiary.

This irrevocable Letter of Credit is subject to the International Standby Practices 1998 ("ISP98"), International Chamber of Commerce Publication 590 and, to the extent not inconsistent therewith, the Uniform Commercial Code of the State of California.

All of the terms and conditions of this Letter of Credit are contained herein and shall not be altered except by reduction in the amount due to corresponding payments in like amount in compliance with the aforementioned terms. Except as otherwise expressly set forth herein, there are no conditions to this Letter of Credit.

Very truly yours,

By: \_\_\_\_\_

Title: \_\_\_\_\_

FIRST AMENDMENT TO SUBLEASE

THIS FIRST AMENDMENT TO SUBLEASE (“**Amendment**”) is made and entered into as of the 24 day of August, 2018, by and between THE MEDICINES COMPANY, a Delaware corporation (“**Sublessor**”), and GOSSAMER BIO, Inc., a Delaware corporation (“**Sublessee**”).

R E C I T A L S :

A. Sublessor and Sublessee entered into that certain Sublease dated as of December 29, 2017 (the “**Original Sublease**”) as amended by that certain Acknowledgement of Commencement Date and Expiration Date dated as of February 9, 2018 (“**Commencement Memo**”), whereby Sublessee Subleased certain space in the building located at 3013 Science Park Road, San Diego, California 92121 (the “**Building**”). The Original Sublease, as amended by the Commencement Memo, is referred to herein as the “Sublease.”

B. By this Amendment, Sublessor and Sublessee desire to expand the Premises and to otherwise modify the Sublease as provided herein.

C. Unless otherwise defined herein, capitalized terms as used herein shall have the same meanings as given thereto in the Original Sublease.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

A G R E E M E N T :

1. The Existing Premises. Sublessor currently subleases to Sublessee that certain space containing approximately 32,039 rentable square feet located on the second (2nd) floor of the Building and known as Suites 200 and 250 (the “**Existing Premises**”).

2. Expansion of the Premises. That certain space consisting of the entirety of the first (1st) floor of the Building and consisting of approximately 31,628 rentable square feet is referred to herein as the “**Expansion Space**.” The Expansion Space includes a vivarium consisting of approximately 4,052 rentable square feet (the “**Vivarium**”), which space will be delivered to Sublessee in advance of the Expansion Commencement Date, as more fully set forth in Section 3 below. The Expansion Space, exclusive of the Vivarium, contains approximately 27,576 rentable square feet, and such portion of the Expansion Space may be referred to herein as the “**Remainder Space**.” Sublessee shall sublease the Remainder Space effective as of the date (“**Expansion Commencement Date**”) that is the earlier of (a) the date Sublessee commences business operations in the Remainder Space, or (b) January 1, 2019. Accordingly, effective upon the Expansion Commencement Date, the Existing Premises shall be increased to include the Expansion Space. Such addition of the Expansion Space to the Existing Premises shall, effective as of the Expansion Commencement Date, increase the number of rentable square feet subleased by Sublessee to include the entire Master Premises leased by Sublessor pursuant to the Master Lease. Except as provided in Section 3 below as to the Vivarium, Sublessor will not be in default under this Amendment if the Expansion Commencement Date is delayed for any reason. Effective as of the Expansion Commencement Date, all references to the “**Premises**” shall mean and refer to the Existing Premises as expanded by the Expansion Space.

3. **Vivarium.** Sublessee desires access to the Vivarium as soon as reasonably practicable after the full execution and delivery of this Amendment. Accordingly, the Vivarium will be delivered to Sublessee on the date ("**Vivarium Commencement Date**"), which is the later of (i) the full execution and delivery of this Amendment and (ii) receipt of Lessor's consent to this Amendment. In the event the Vivarium has not been delivered to Sublessee by September 1, 2018 (the "**Target Delivery Date**"), which date shall be extended by any Force Majeure events or delays caused by the acts or omissions of Sublessee, then Sublessor will provide Sublessee with a rent credit equal to one day of Base Rent plus Operating Expenses, Amenities Fees and Taxes attributable to the Expansion Space for each day of delay; provided that the maximum rent credit to which Sublessee is entitled hereunder shall be thirty (30) days, regardless of when the Vivarium is delivered. Any rent credit will be applied to Sublessee's obligation to pay Base Rent and Operating Expenses, Amenities Fees and Taxes hereunder commencing as of the Expansion Commencement Date. For example, if the Vivarium is delivered on September 10, 2018, then Sublessee will be entitled to a rent credit equal to ten (10) days of Base Rent and Operating Expenses, Amenities Fees and Taxes for the Expansion Space only, which rent credit would be applied to the first ten (10) days of the Expansion Space Term. Notwithstanding the foregoing, if the Vivarium has not been delivered to Sublessee within thirty (30) days after the Target Delivery Date (as the same may be extended), then at any time thereafter and before delivery of possession of the Vivarium to Sublessee, Sublessee may give written notice to Sublessor of Sublessee's intention to cancel this Amendment as to the Vivarium only (i.e., the Sublease will remain in full force and effect as to the Remainder Space and the Existing Premises and only the Vivarium will be excluded). Said notice shall set forth an effective date for such cancellation which shall be at least five (5) business days after delivery of said notice to Sublessor. If the Vivarium is delivered to Sublessee on or before such effective date, this Sublease shall remain in full force and effect as to the Vivarium and Tenant's termination notice will be revoked. If Sublessee exercises the foregoing termination right as to the Vivarium, the Base Rent, Sublessee's Pro Rata Share and the Security Deposit will be adjusted accordingly, all references to the "Expansion Space" shall mean and refer to the Remainder Space only, and neither party will have any further liability to the other on account of such termination. Sublessee will not be permitted to use the Vivarium unless and until it provides proof of insurance meeting the requirements of the Sublease applicable to the Vivarium (and any delay caused by Sublessee's failure to obtain insurance will not result in any rent credit).

4. **Early Access.** Sublessor will allow Sublessee access to the Remainder Space (except for Suite 150) from and after the Vivarium Commencement Date and continuing through the Expansion Commencement Date, and will allow Sublessee access to Suite 150 from and after November 1, 2018 and continuing through the Expansion Commencement Date ("**Early Access Period**") for the sole purpose of performing any initial improvements and installation of furniture, fixtures, equipment or other leasehold improvements including but not limited to telephones, computer wiring and networking cable (provided that Sublessee will obtain the prior consent of Lessor and Sublessor to such items to the extent required by the Master Lease or this Sublease). Sublessee shall not be obligated to pay any Base Rent or Operating Expenses for the Remainder Space during the Early Access Period, but will be responsible for the payment of utilities for the Remainder Space commencing as of the first day Sublessee accesses the Remainder Space. Utility

costs for the Remainder Space during the Early Access Period will be pro-rated between Sublessee and Sublessor based upon the approximate rentable area of the Remainder Space each party has the right to use in relation to the total rentable area of the Remainder Space, as reasonably determined by Sublessor. Sublessee will not be permitted to enter the Remainder Space unless and until it provides proof of insurance meeting the requirements of the Sublease applicable to the Remainder Space (but failure to provide proof of insurance will not affect Sublessee's obligation to pay utility costs). Notwithstanding the foregoing, in the event that Sublessor has not tendered delivery of the Remainder Space to Sublessee on or before November 1, 2018 (the "**Outside Date**"), which date shall be extended on a day for day basis by delays caused by Sublessee's acts or omissions (including, without limitation, failure to provide proof of insurance) or Force Majeure events, then as Sublessee's sole remedy, Sublessee shall receive one (1) day of Base Rent abatement for each day after the Outside Date (as extended) until the date Sublessor tenders delivery of the Remainder Space, which abatement shall be applied to the monthly Base Rent otherwise payable for the first (1st) month after the Expansion Commencement Date.

5. **Expansion Space Term.** Sublessee's lease of the Expansion Space shall commence on the Expansion Commencement Date and shall continue until December 31, 2022 ("**Expansion Termination Date**"). Tenant hereby acknowledges and agrees that Tenant's lease of the Expansion Space is not coterminous with Tenant's lease of the Existing Premises. The period from the Expansion Commencement Date through the Expansion Termination Date shall be referred to herein as the "**Expansion Space Term**."

6. **Monthly Base Rent.** During the Expansion Space Term, Sublessee shall pay Monthly Base Rent for the Expansion Space only as follows:

<u>Period of Expansion Space Term</u>	<u>Approximate Square Footage of Expansion Space</u>	<u>Monthly Base Rent</u>	<u>Monthly Base Rent Per Rentable Square Foot</u>
Vivarium Commencement Date – Expansion Commencement Date	4,052	\$ 14,992.40	\$ 3.70
Expansion Commencement Date – 1/31/19	31,628	\$ 117,023.60	\$ 3.70
2/1/19 – 1/31/20	31,628	\$ 120,502.68	\$ 3.81
2/1/20 – 1/31/21	31,628	\$ 124,298.04	\$ 3.93
2/1/21 – 1/31/22	31,628	\$ 127,777.12	\$ 4.04
2/1/22 – 12/31/22	31,628	\$ 131,572.48	\$ 4.16

\*Plus any partial month at the beginning of the Expansion Space Term if the Expansion Commencement Date is not the first day of the month. Base Rent payable pursuant to this Amendment will not be subject to abatement, notwithstanding any rent abatement provided in the Original Sublease. Base Rent for the Existing Premises shall continue to be payable in accordance with the provisions of the Sublease. Although monthly Base Rent for the Existing Premises shall be calculated separately from the Base Rent for the Expansion Space, Base Rent for the entire Premises shall be a single, non-severable obligation.

7. Additional Rent. Effective as of the Vivarium Commencement Date, Sublessee's Pro Rata Share for purposes of Section 6(C) of the Original Sublease will be increased to **57.29%** (subject to adjustment in the event of a remeasurement of the Building or Premises pursuant to the Master Lease). Effective as of the Expansion Commencement Date, Sublessee's Pro Rata Share will be increased to **100%**. Effective as of the Vivarium Commencement Date as to the Vivarium and the Expansion Commencement Date as to the Remainder Space, Sublessee will be responsible for all janitorial services and utility costs for the applicable portion of the Expansion Space pursuant to Section 6(D) of the Original Sublease.

8. Termination Option. Provided Sublessee fully and completely satisfies each of the conditions set forth in this Section 8, Sublessee shall have the one time option ("**Termination Option**") to terminate the Sublease as to the Expansion Space only (i.e., this Termination Option will not apply to the Existing Premises) effective as of December 31, 2021 (the "**Termination Date**"). In order to exercise the Termination Option, Sublessee must fully and completely satisfy each and every one of the following conditions: (a) Sublessee must give Sublessor written notice ("**Termination Notice**") on or before December 31, 2020, (b) at the time of the Termination Notice Sublessee shall not be in default under the Sublease, nor shall any circumstance exist that, with the giving of notice, the passage of time, or both, would constitute a default under the Sublease beyond any applicable notice and cure period, (c) at the time of the Termination Notice and, at Sublessor's option, as of the Termination Date, the Sublease shall not have been assigned nor shall the Premises have been further sublet (unless any further sublease contains an express provision terminating such sublease prior to the Termination Date and Sublessee delivers the Expansion Space to Sublessor on the Termination Date free from any occupancy or right of occupancy by third parties claiming through Sublessee), and (d) concurrently with Sublessee's delivery of the Termination Notice to Sublessor, Sublessee shall pay to Sublessor a termination fee ("**Termination Fee**") equal to Six Hundred Thousand Dollars (\$600,000.00). If Sublessee fails to satisfy any of the foregoing conditions, the exercise of the Termination Option will be null and void at the option of Sublessor.

9. Hazardous Materials. Sublessor will provide a Surrender Plan (as defined in Article 28 of the Master Lease) to Sublessee for the Expansion Space, which plan Sublessor will endeavor to deliver on or before October 31, 2018 (provided that the Surrender Plan as to the Vivarium will be delivered prior to the Target Delivery Date).

10. Sublessee Improvements. Sublessee will not make any improvements or alterations to the Expansion Space without Sublessor's prior written consent (and the consent of Lessor if required by the Master Lease), which consent may be withheld in its reasonable discretion (provided that it shall be reasonable for Sublessor to withhold consent if Lessor withholds its consent to such alterations or requires that such alterations be removed and the Premises be

restored upon lease expiration). Notwithstanding the foregoing, Sublessor consents to the removal of four (4) private interior offices within the Expansion Space as shown on Exhibit A; provided that such consent is contingent upon Sublessee obtaining the consent of Lessor pursuant to the Master Lease) All improvements or alterations will be made in accordance with Section 12 of the Master Lease. Sublessee shall pay any and all costs associated with such improvements or alterations. Sublessee shall be responsible for performing and completing the improvements or alterations and upon substantial completion thereof, Sublessee shall provide to Sublessor (i) paid invoices for all of the improvements or alterations performed, (ii) a statement by the architect or contractor that all improvements or alterations have been completed in accordance with the plans approved by Sublessor and Lessor, (iii) mechanics lien releases satisfying the requirements of California law and (iv) any other documentation reasonably requested by Sublessor or Lessor. Sublessee shall pay Sublessor a total fee of two percent (2%) of the cost of the improvements or alterations for Lessor's and Sublessor's role in managing or reviewing any improvements or alterations and there shall be no additional management fee/charges due from Sublessee related to improvements or alterations, unless Lessor charges any additional fee on account of the improvements or alterations, in which case Sublessee will reimburse such charges to Sublessor. The design and construction of the improvements or alterations shall be subject to Sublessor's reasonable approval and Lessor's approval per the Master Lease and will be constructed in accordance with all terms and conditions of the Master Lease and all applicable laws, ordinances, rules and regulations applicable to the Expansion Space. Sublessee shall use DGA Architects and DPR Construction for the space planning and construction of the improvements or alterations; provided that Lessor approves such parties. All other subcontractors and vendors used by Sublessee will be subject to the prior consent of Sublessor and Lessor. Sublessor shall use reasonable efforts to assist Sublessee in obtaining Lessor's approval for the improvements or alterations, at no cost to Sublessor, but Sublessor will have no liability and this Amendment will not be affected in the event Lessor refuses to consent to any or all of Sublessee's proposed improvements or alterations.

At the expiration of the Expansion Space Term, Sublessee may (to the extent permitted by the Master Lease) and shall (if required by Lessor or Sublessor) remove from the Expansion Space all improvements or alterations (and any Alterations subsequently installed by or on behalf of Sublessee) and Sublessee's personal property and shall repair any damage and perform any restoration work caused by such removal and shall otherwise comply with the Master Lease requirements for restoration of the Expansion Space.

11. Security Deposit; First Month Rent. Sublessee has previously deposited with Sublessor Four Hundred Twenty-Four Thousand Six Hundred Forty-Four and 28/100 Dollars (\$424,644.28) as a Security Deposit under the Sublease. Concurrently with Sublessee's execution of this Amendment, Sublessee shall deposit with Sublessor an additional One Hundred Thirty-One Thousand Five Hundred Seventy-Two and 48/100 Dollars (\$131,572.48), for a total Security Deposit under the Sublease, as amended herein, of Five Hundred Fifty-Six Thousand Two Hundred Sixteen and 48/100 Dollars (\$556,216.76). Sublessor shall continue to hold the Security Deposit as increased herein in accordance with the terms and conditions of Section 17 of the Original Sublease. In addition, concurrently with Sublessee's execution of this Amendment, Sublessee shall pay to Sublessor the first monthly installment of Base Rent for the entire Expansion Space in the amount of \$117,023.60.



12. **Renewal Option.** So long as Sublessee is not in default after any applicable notice and cure period and has not been in default after any applicable notice and cure period under the Sublease on more than two (2) occasions during the Expansion Space Term, Sublessee physically occupies the entire Expansion Space, and Sublessee has not assigned or further sublet the Expansion Space (except in the event of a Permitted Assignment under the Master Lease which has been consented to by Lessor to the extent required by the Master Lease), then subject to the terms of the Master Lease and the receipt of any consent required from Lessor, Sublessee shall have one (1) option to extend the Expansion Space Term as to the Expansion Space only through the expiration date of the Original Sublease as to the Existing Premises (i.e., through January 31, 2025) at a Base Rent equal to three percent (3%) over the Base Rent payable immediately preceding the commencement of such option term (which Base Rent will thereafter increase on each anniversary of the commencement date of such option term by three percent (3%)). The option contained in this Section 12 shall be exercised by Sublessee, if at all, only by delivery of written notice ("**Option Notice**") to Sublessor no later than nine (9) months prior to the expiration of the Expansion Space Term, stating that Sublessee is exercising its option. If Sublessee timely and properly exercises its option to extend, the Expansion Space Term shall be extended upon all of the terms and conditions set forth in the Sublease, as amended, except that the Base Rent for the Expansion Space shall be as indicated above. The exercise of this option is expressly contingent upon the receipt of Lessor's consent to the extension of the Expansion Space Term pursuant to the terms of the Master Lease.

a. If and only if Sublessee exercises its option to extend the Expansion Space Term as set forth above, then Sublessee shall have the further option to extend the Expansion Space Term pursuant to Section 14 of the Original Sublease as part of Sublessee's exercise of the option to extend the Term of the Sublease through the date of expiration of the Master Lease. All terms and conditions set forth in Section 14 of the Original Sublease will apply to the exercise of such option, and the exercise of such option will extend the Term as to the entire Premises.

b. Except for the options specifically set forth above, nothing herein shall be construed as permitting Sublessee to exercise any extension or renewal rights or to exercise any right of first refusal or expansion, if any such rights exist, and in no event shall Sublessor be obligated to extend the term of the Master Lease for any reason. In addition, notwithstanding anything to the contrary in the Sublease, in the event the Master Lease allows Sublessor the option to terminate the Master Lease early, Sublessor's exercise of that option shall not be a default under the Sublease, as amended herein.

13. **Repair and Maintenance.** Effective as of the Expansion Commencement Date, Sublessee will be responsible for all repairs and maintenance which Tenant is required to perform in the Expansion Space and the Existing Premises, which unless the Vivarium is excluded from Premises per Section 3 above shall be the entire Master Premises under the Master Lease, and any other repairs and maintenance of systems and equipment serving the Premises previously performed by Sublessor (including, without limitation, to the generator and deionized water system, as applicable) except for systems and equipment exclusively serving the Vivarium if it is excluded from the Premises per Section 3 above, and Sublessor shall have no obligation to perform or pay for any repairs or maintenance in the Premises (provided that Sublessor will have the right to perform any repairs or maintenance which Sublessee fails to perform, the cost of which will be reimbursed by Sublessee to Sublessor upon invoicing as Additional Rent).

14. CASp Disclosure. Pursuant to California Civil Code §1938, Sublessor hereby states that the Premises have not undergone inspection by a Certified Access Specialist (CASp) (defined in California Civil Code §55.52(a)(3)). Pursuant to Section 1938 of the California Civil Code, Sublessor hereby provides the following notification to Sublessee: "A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction related accessibility standards within the premises. In the event Sublessee wishes to obtain a CASp inspection, Sublessee will be required to comply with all terms of the Master Lease and will be responsible for the payment of all costs associated with such inspection and any cost required to correct violations of construction related accessibility standards identified by the CASp inspection.

15. Brokers. Each party represents and warrants to the other that no broker, agent or finder negotiated or was instrumental in negotiating or consummating this Amendment, other than Jones Lang LaSalle (for Sublessor) and Hughes Marino (for Sublessee). Each party further agrees to defend, indemnify and hold harmless the other party from and against any claim for commission or finder's fee by any person or entity who claims or alleges that they were retained or engaged by the indemnifying party or at the request of such party in connection with this Amendment.

16. Lessor Consent. This Amendment is subject to and contingent upon Lessor's execution of a consent document in a form reasonably acceptable to Sublessor and Sublessee within thirty (30) days of the date hereof. In the event Lessor does not execute such consent within such time, either party may terminate this Amendment (in which case the Original Sublease will remain in full force and effect notwithstanding such termination) upon written notice to the other party, which termination will be effective upon receipt. If this Amendment is terminated pursuant to this Section 16, Sublessor shall return to Sublessee the increased portion of the Security Deposit and the first month's rent for the Expansion Space if previously paid by Sublessee to Sublessor within fifteen (15) business days after the termination date, and neither party shall have any liability to the other on account of this Amendment or any other actions between the parties prior to the termination date. For clarity, in the event of a termination, Sublessee will not be entitled to any reimbursement for costs or expenses incurred by Sublessee, including without limitation, costs incurred for space planning, ordering of furniture, materials or similar items in preparation for occupancy of the Expansion Space, and Sublessee agrees that Sublessor shall have no liability or responsibility in connection therewith.

17. Representations. Each party represents and warrants to the other that: (a) it is properly formed and validly existing under the laws of the state in which it is formed and with respect to Sublessee only, is authorized to transact business in the state in which the Building is located; (b) it has full right and authority to enter into this Amendment and to perform all of its obligations hereunder (subject to Lessor's consent); and (c) each person (and both persons if more than one signs) signing this Amendment on behalf of such party is duly and validly authorized to do so.

18. Anti-Terrorism Laws. Sublessee and Sublessor each represent and warrant that the representing party: (i) is not, and shall not become, a person or entity with whom the other party is restricted from doing business with under regulations of the Office of Foreign Asset Control (“**OFAC**”) of the Department of the Treasury (including, but not limited to, those named on OFAC’s Specially Designated and Blocked Persons list) or under any statute, executive order (including, but no limited to, the September 24, 2001 Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action; (ii) is not knowingly engaged in, and shall not engage in, any dealings or transaction or be otherwise associated with such persons or entities described in (i) above; and (iii) is not, and shall not become, a person or entity whose activities are regulated by the International Money Laundering Abatement and Financial Anti-Terrorism Act of 2001 or the regulations or orders thereunder. Prior to any change in ownership of Sublessee, the applicable party shall sign a written statement to Sublessor affirming their compliance with the terms of this Section 18. The indemnity obligations of the Sublease shall apply to any breach of this Section.

19. Defaults. Sublessee hereby represents and warrants to Sublessor that, as of the date of this Amendment, Sublessee is in full compliance with all terms, covenants and conditions of the Sublease and that there are no breaches or defaults under the Sublease by Sublessor or Sublessee, and that Sublessee knows of no events or circumstances which, given the passage of time, would constitute a default under the Sublease by either Sublessor or Sublessee. Sublessor hereby warrants and represents to Sublessee that, to Sublessor’s current actual knowledge, the Master Lease is in full force and effect and Sublessor has no knowledge of any claim by Lessor that Sublessor is in default or breach of any provisions of the Master Lease.

20. No Further Modification. Except as set forth in this Amendment, all of the terms and provisions of the Sublease shall apply with respect to the Expansion Space and shall remain unmodified and in full force and effect. Effective as of the date hereof, all references to the “**Sublease**” shall refer to the Sublease as amended by this Amendment.

21. Counterparts. This Amendment may be executed in any number of counterparts, which may be delivered electronically, via facsimile or by other means. Each party may rely upon signatures delivered electronically or via facsimile as if such signatures were originals. Each counterpart of this Amendment shall be deemed to be an original, and all such counterparts (including those delivered electronically or via facsimile), when taken together, shall be deemed to constitute one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, this Amendment has been executed as of the day and year first above written.

“Sublessor:”

THE MEDICINES COMPANY,  
a Delaware corporation

By: /s/ Christopher Visioli  
Print Name: Christopher Visioli  
Title: Chief Financial Officer

“Sublessee”

GOSSAMER BIO, INC.,  
a Delaware corporation

By: /s/ Christian Waage  
Print Name: Christian Waage  
Title: Executive Vice President & General  
Counsel

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT (INDICATED BY ASTERISKS) HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.

EXECUTION COPY

**EXCLUSIVE LICENSE AGREEMENT**

**by and between**

**FSG Pulmo, Inc.,**

**FSG Bio, Inc.,**

**and**

**Pulmokine, Inc.**

**Dated as of the 2<sup>nd</sup> day of October, 2017**

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Exhibit G – Asthma Compounds

Exhibit H – Biomarker Patents

Exhibit I – RCTR License Terms



## EXCLUSIVE LICENSE AGREEMENT

This Exclusive License Agreement is entered into as of the 2<sup>nd</sup> day of October, 2017, by and between FSG Pulmo, Inc., a corporation organized under the laws of the State of Delaware having its registered office at 17 Selborne Drive, Piedmont, CA 94611 USA (“**Licensee**”), Pulmokine, Inc., a corporation organized under the laws of the State of Delaware having its registered office at 68 Queen Anne Drive, Slingerlands, New York 12159 (“**Pulmokine**”), and solely with respect to Section 3.14, FSG Bio, Inc., a corporation organized under the laws of the State of Delaware having its registered office at 17 Selborne Drive, Piedmont, CA 94611 USA (“**FSG**”). Licensee and Pulmokine are also referred to individually as a “**Party**” and together as the “**Parties**.”

### BACKGROUND:

**WHEREAS**, Pulmokine has in-licensed from Gilead Sciences, Inc. (“**Gilead**”) and developed certain intellectual property rights related to numerous compounds, including an inhaled small molecule PDGFR (platelet-derived growth factor receptor) kinase inhibitor known as PK10571 and its active metabolite known as PK10453, which are included in the Licensed Patents and Licensed Know-How (each as defined herein);

**WHEREAS**, Pulmokine has in-licensed from The Rensselaer Center for Translational Research, Inc. (“**RCTR**”) and developed certain intellectual property rights related to certain biomarkers intended to diagnose pulmonary arterial hypertension, which are included in the Licensed Patents and Licensed Know-How;

**WHEREAS**, Licensee is an Affiliate of FSG; and

**WHEREAS**, Licensee desires to obtain from Pulmokine an exclusive license under the Licensed Patents and an exclusive license under the Licensed Know-How to further develop and commercialize products based on such molecules in certain fields in the Territory (as defined below), and Pulmokine desires to grant such licenses to Licensee, together with certain other rights.

### AGREEMENT:

**NOW, THEREFORE**, in consideration of the mutual promises and covenants set forth below and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

#### 1. DEFINITIONS

##### 1.1. Definitions.

The following terms as used in this Agreement shall have the meanings set forth in this Section:

“**Affiliate**” means, with respect to each Party, any Person that directly or indirectly is controlled by, controls or is under common control with a Party. For the purposes of this definition only, the term “control” (including, with correlative meanings, the terms “controlled by” and “under common control with”) as used with respect to a Person means (a) in the case of a corporate entity, direct or indirect ownership of voting securities entitled to cast at least fifty percent (50%) of the votes in the election of directors or (b) in the case of a non-corporate entity, direct or indirect ownership of at least fifty percent (50%) of the equity interests with the power to direct the management and policies of such entity; provided that, if local Laws restrict foreign ownership, control shall be established by direct or indirect ownership of

the maximum ownership percentage that may, under such local Laws, be owned by foreign interests, but only if such lower percentage provides such Person with the power to direct the management and policies of such entity.

**“Agreement”** means this Exclusive License Agreement, including all of its Exhibits.

**“Asthma Compounds”** means (a) the PDGFR kinase inhibitor compounds having the structures identified in Exhibit G; (b) any compound [\*\*\*] to the extent not set forth in subsection (a); and (c) any [\*\*\*] set forth in subsections (a) or (b).

**“Asthma Patents”** means (a) those patents and patent applications set forth on Exhibit G; (b) any patents and patent applications in any country claiming priority to any and all of the patent applications set forth in (a), including any continuations, continuations in part, or divisions; (c) any patents issuing from the applications described in subsections (a) or (b), including any reissues, substitutions, registrations, confirmations, re-examinations, extensions, renewals, and supplementary protection certificates thereon; and (d) any corresponding foreign patents issued on any of the foregoing.

**“Backup Compound”** means (a) the [\*\*\*], having the structure identified in Exhibit A and (b) [\*\*\*] set forth in subsection (a).

**“Biomarkers”** means the biomarker and methods relating thereto that are the subject of the Biomarker Patents.

**“Biomarker Patents”** means (a) the patent applications listed in Exhibit H, all divisions and continuations of these applications in any country, all patents issuing from these applications, divisions, and continuations, and any reissues, reexaminations, and extensions of these patents; (b) to the extent that the following contain one or more claims directed to the invention or inventions disclosed in the patent applications identified in subsection (a): (i) continuations-in-part of those patent applications identified in subsection (a), (ii) all divisions and continuations of these continuations-in-part, (iii) all patents issuing from these continuations-in-part, divisions, and continuations, (iv) priority patent application(s) of such patent applications identified in subsection (a), and (v) any reissues, reexaminations, and extensions of such patents; and (c) to the extent that the following contain one or more claims directed to the invention or inventions disclosed in the patent applications identified in subsection (a): all counterpart foreign and U.S. patent applications and patents to those patent applications and patents identified in subsections (a) and (b), including those listed in Exhibit H. The Biomarker Patents shall not include those patent applications or patents identified in subsection (b) or (c) hereof, to the extent that they contain one or more claims directed to new matter which is not the subject matter disclosed in the patent applications identified in subsection (a).

**“Business Day”** means a day other than Saturday, Sunday or any day on which commercial banks located in New York City, New York are authorized or obligated by Law to close.

**“Calendar Quarter”** means any consecutive three (3)-month period beginning on January 1, April 1, July 1 or October 1.

**“Calendar Year”** means any year beginning on January 1 and ending on December 31 of such year.

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\*\*\* Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

**“Change of Control”** shall mean with respect to a Party, the merger, consolidation, reorganization, business combination, sale of all (or substantially all) of the capital stock (or other equity interests) or assets, the change in voting control, liquidation or dissolution, the license, sale, assignment or other transfer of all or substantially all of such Party’s business or assets to which this Agreement relates, or any other form of acquisition or liquidity event. For clarity, a Change of Control of any parent of Licensee shall not be a Change of Control of Licensee for purposes of this Agreement.

**“Commercially Reasonable Efforts”** means, with respect to the efforts and resources to be expended, or considerations to be undertaken by a Party with respect to any objective, activity, or decision to be undertaken hereunder, the use of reasonable, good faith efforts and resources in an active and ongoing program to accomplish such task or obligation [\*\*\*].

**“Complete”** or **“Completion”** means, with respect to the Phase 1 Clinical Trial for the initial Licensed Product, finalization of the study report.

**“Compound”** means (a) the small molecule PDGFR kinase inhibitor known as of the Effective Date as [\*\*\*], having the structure identified in Exhibit B, and (b) [\*\*\*]of the small molecule PDGFR kinase inhibitor set forth in subsection (a), [\*\*\*].

**“Confidential Information”** means Licensee Confidential Information or Pulmokine Confidential Information.

**“Confidentiality Agreement”** means the Confidentiality Agreement between the Parties dated May 21, 2017.

**“Control”** or **“Controlled”** means, with respect to any Data, Information or Scientific Information, materials, patent, trademark or other intellectual property right, possession of the ability to grant a license, sublicense or access as provided for under this Agreement without violating the terms of any agreement or other arrangement with any Third Party.

**“Cover”, “Covered”** or **“Covering”** means, with respect to a particular product and a particular patent (or patent application), that, but for rights granted to a Person hereunder, the making, using or selling of such product would infringe a Valid Claim in such patent (or patent application, as if such claim has issued).

**“Data”** means any and all research, pharmacology, medicinal chemistry, chemistry, manufacturing and controls, nonclinical, clinical and other data (including investigator reports and clinical study reports (both preliminary and final), statistical analyses, key expert reports, safety and other electronic databases), all to the extent Controlled by a Party, in each case, relating to the Compound, Backup Compound, Asthma Compound, Biomarkers or Licensed Products.

**“Effective Date”** means the later of: (a) the date set forth above in the first line of this Agreement; and (b) the date of Licensee’s receipt of the Up-front Closing Payment.

**“EMA”** means the European Medicines Agency or any successor entity thereto.

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\*\*\* Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

**“European Union” or “EU”** means the association of European nations based on the Maastricht Treaty of 1992.

**“FDA”** means the United States Food and Drug Administration or any successor entity thereto.

**“FDCA Act”** means the U.S. Federal Food, Drug, and Cosmetic Act, as amended from time to time, and the regulations promulgated thereunder.

**“First Commercial Sale”** means, with respect to any particular Licensed Product, the first arm’s length commercial sale of such Licensed Product by Licensee or an Affiliate or Sublicensee of Licensee to a Third Party in the Licensed Product Field in the Territory following Regulatory Approval of such Licensed Product.

**“GAAP”** means Generally Accepted Accounting Principles, consistently applied.

**“GCP”** means then current good clinical practices and other standards, practices and procedures related to the conduct of clinical trials set forth by ICH and similar regulatory requirements imposed by FDA, EMA or any other Regulatory Authorities in the Territory that are applicable to the Licensed Product.

**“Gilead Background Patents”** means (a) those patents and patent applications set forth on Exhibit C; (b) any patents and patent applications in any country claiming priority to any and all of the patent applications set forth in (a), including any continuations, continuations in part, or divisions; (c) any patents issuing from the applications described in (a) or (b), including any reissues, substitutions, registrations, confirmations, re-examinations, extensions, renewals, and supplementary protection certificates thereon; and (d) any corresponding foreign patents issued on any of the foregoing.

**“Gilead License”** means that certain Amended and Restated License Agreement between Gilead and Pulmokine dated May 15, 2017.

**“ICH”** means the International Conference on Harmonisation.

**“IND”** means an Investigational New Drug filing with FDA, as defined in the FDCA Act, including all supplements and amendments thereto.

**“Improvement”** means any patentable or unpatentable improvements, changes, inventions or discoveries, inclusive of all intellectual property rights therein, in which one or more employees, officers, directors, contractors or agents of Licensee, its Affiliates or Sublicensees (or as applicable together with one or more employees, officers, directors, contractors or agents of Pulmokine) have contributed to the making, development, conception and/or reduction to practice of such improvement, change, invention or discovery, and that (a) is described in the Licensed Patents, or (b) if not for the license granted pursuant to Section 2.1 of this Agreement, would infringe one or more claims of the Licensed Patents.

**“Information”** means all information, Data, techniques, technology, practices, trade secrets, inventions (whether patentable or not), methods, knowledge, know-how, skill, experience, test data and results (including pharmacological, toxicological and clinical test data and results), analytical and quality control data, results or descriptions, software and algorithms, all to the extent Controlled by a Party.

**“Joint Development Committee” or “JDC”** means the committee formed by the Parties pursuant to Section 5.1.

**“Law”** means all applicable laws, statutes, rules, regulations, ordinances and other pronouncements having the effect of law of any federal, national, multinational, state, provincial, county, city or other political subdivision, agency or other body, domestic or foreign, and including without limitation the FDCA Act and GCP, as applicable.

**“Licensed Know-How”** means Information, Data and Scientific Information owned or Controlled by Pulmokine as of the Effective Date [\*\*\*] of the Licensed Products.

**“Licensed Patents”** means, collectively, the Gilead Background Patents, Pulmokine-Gilead Joint Patents, Pulmokine-Controlled Patents, Asthma Patents, and the Biomarker Patents.

**“Licensed Product”** means (a) any pharmaceutical composition, formulation or product containing or incorporating the Compound, whether or not as the sole active ingredient, in any presentation for any method of administration; (b) any pharmaceutical composition, formulation or product containing or incorporating the Backup Compound, whether or not as the sole active ingredient, in any presentation for any method of administration; (c) any pharmaceutical composition, formulation or product containing or incorporating the Asthma Compound, whether or not as the sole active ingredient, in any presentation for any method of administration; (d) any process, assay or tangible material, which, in the course of being practiced, manufactured, used, sold or imported, would contain or otherwise incorporate one or more of the Biomarkers or other subject matter that is the subject of the Biomarker Patents; and/or (e) any pharmaceutical composition, formulation or product containing or incorporating any compound Covered by the Gilead Background Patents, Pulmokine-Gilead Joint Patents, Pulmokine-Controlled Patents, including the Asthma Compounds but excluding the Compound and the Backup Compound, whether or not as the sole active ingredient, in any presentation for any method of administration.

**“Licensed Product Field”** means (a) with respect to any Licensed Product that incorporates [\*\*\*], the treatment, prevention, and diagnosis of pulmonary hypertension characterized as [\*\*\*]; (b) with respect to any Licensed Product that [\*\*\*], the treatment, prevention, and diagnosis of any and all diseases or conditions; and (c) with respect to any License Product that [\*\*\*], for the treatment, prevention, and diagnosis of any and all diseases or conditions.

**“Licensed Technology”** means, collectively, the Licensed Patents and the Licensed Know-How.

**“Marketing Exclusivity”** means any exclusive marketing, data protection or other exclusivity rights conferred by FDA, EMA or any other Regulatory Authority with respect to the Licensed Product, including orphan drug exclusivity, pediatric exclusivity and rights conferred under the Drug Price Competition and Patent Term Restoration Act of 1984, as amended from time to time.

**“NDA”** means a New Drug Application, as defined in the FDCA Act, including all supplements and amendments thereto.

**“Net Sales”** means the gross invoiced sales price for each Licensed Product sold by or on behalf of Licensee, its Affiliates or Sublicensees to Third Parties, less the following deductions calculated in accordance with GAAP to the extent allocated to such Licensed Product and actually taken, paid, accrued, allowed, included, or allocated, with respect to such sales:

- (a) [\*\*\*];
- (b) [\*\*\*];
- (c) [\*\*\*];
- (d) [\*\*\*];
- (e) [\*\*\*];
- (f) [\*\*\*]; and
- (g) [\*\*\*].

Notwithstanding anything in this Agreement to the contrary, the transfer of a Licensed Product between or among Licensee, its Affiliates and Sublicensees will not be considered a sale, [\*\*\*].

Disposition of Licensed Product for, or use of the Licensed Product in, human clinical trials or other scientific testing, as free samples, or under named patient use, compassionate use, patient assistance,

\*\*\* Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

or test marketing programs or other similar programs or studies shall not result in any Net Sales when such sales are not booked as Net Sales in accordance with GAAP.

[\*\*\*]

(x) [\*\*\*]; or

(y) [\*\*\*].

“**Person**” means any individual, firm, corporation, partnership, limited liability company, trust, business trust, joint venture, governmental authority, association or other entity.

“**Phase 1 Clinical Trial**” means a human clinical trial of a Licensed Product that would satisfy the requirements of 21 C.F.R. § 312.21(a) and consists of the Phase 1A clinical trial to be performed by Pulmokine and its subcontractors as described in Pulmokine’s IND 122593 and consists of the first in human exposure in healthy subjects.

“**Phase 1 Clinical Trial Plan**” means the clinical trial plan and protocol for the Phase 1 Clinical Trial of the initial Licensed Product attached as described in Pulmokine’s IND 122593 and attached hereto as Exhibit D which satisfies the requirements of 21 CFR § 312.21 (a), and which may be amended from time to time during the performance thereof, as agreed by the principal investigator of the applicable contract research organization and the JDC.

“**Phase 1B Clinical Trial**” means the first safety trial in patients with pulmonary arterial hypertension (PAH) of the initial License Product that would also satisfy the requirements of 21 CFR § 312.21(a).

“**Phase 2 Clinical Trial**” means a human clinical trial of a Licensed Product that would satisfy the requirements of 21 C.F.R. § 312.21(b), and which may be combined with a Phase 1B Clinical Trial, such that the primary endpoint can be safety and secondary endpoints can be efficacy endpoints.

“**Phase 3 Clinical Trial**” means a human clinical trial of a Licensed Product that would satisfy the requirements of 21 C.F.R. § 312.21(c). For purposes of this Agreement, if acceptable to the FDA, performance of a second Phase 2 Clinical Trial, the results of which would satisfy the requirements for Regulatory Approval, will meet the requirements of a Phase 3 Clinical Trial.

“**Pulmokine-Controlled Patents**” means (a) any patent or patent application owned (whether solely or jointly) or Controlled by Pulmokine that Covers the Compound, the Backup Compound, or the Asthma Compound, including those patents and patent applications set forth on Exhibit E and Exhibit G; (b) any patents and patent applications in any country claiming priority to any and all of the patent applications set forth in (a), including any continuations, continuations in part, or divisions; (c) any patents issuing from the applications described in (a) or (b), including any reissues, substitutions, registrations, confirmations, re-examinations, extensions, renewals, and supplementary protection certificates thereon; and (d) any corresponding foreign patents issued on any of the foregoing. For purposes of this Agreement, Pulmokine-Controlled Patents do not include Gilead Background Patents or Pulmokine-Gilead Joint Patents.

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**“Pulmokine-Gilead Joint Patents”** means (a) any patent or patent application owned jointly by Pulmokine and Gilead that Covers the Compound or the Backup Compound, including those patents and patent applications set forth on Exhibit F; (b) any patents and patent applications in any country claiming priority to any and all of the patent applications set forth in (a), including any continuations, continuations in part, or divisions; (c) any patents issuing from the applications described in (a) or (b), including any reissues, substitutions, registrations, confirmations, re-examinations, extensions, renewals, and supplementary protection certificates thereon; and (d) any corresponding foreign patents issued on any of the foregoing.

**“RCTR License”** means that certain Patent License Agreement between RCTR and Pulmokine dated September 8, 2017.

**“Regulatory Approval”** means, with respect to a country or region in the Territory, any and all approvals, licenses, registrations or authorizations of any Regulatory Authority which are necessary to commercially distribute, sell or market a product in such country or region, including, where applicable, (a) pricing or reimbursement approval in such country or region, (b) pre- and post-approval marketing authorizations (including without limitation any prerequisite manufacturing approval or authorization related thereto), (c) labeling approval and (d) technical, medical and scientific licenses, necessary for commercial distribution, sale or marketing of such product in such country or region.

**“Regulatory Approval Application”** means an application for Regulatory Approval required before commercial sale or use of a pharmaceutical product, including an NDA.

**“Regulatory Authority”** means any federal, national, supranational, state, provincial or local regulatory authority, agency, department, bureau or other governmental authority, including the FDA and EMA, that has authority over the manufacture, development, commercialization or other use or exploitation (including the granting of Regulatory Approval) of the Licensed Product in an applicable jurisdiction.

**“Regulatory Filing”** means all submissions, applications, filings and approvals by, with or from any Regulatory Authority, including Regulatory Approval Applications.

**“Royalty Term”** means, on a Licensed Product-by-Licensed Product and country-by-country basis, that time period beginning on the First Commercial Sale of such Licensed Product and ending on the last to occur of: (a) expiration of the last-to-expire Valid Claim of any Licensed Patent in a particular country that, absent the licenses granted in this Agreement, would be infringed by the making, using, selling, offering for sale, importing or exporting of the applicable Licensed Product in such country, (b) expiration of the Marketing Exclusivity, if any, of the applicable Licensed Product in a country of the Territory; or (c) ten (10) years after the First Commercial Sale of such Licensed Product.

**“Scientific Information”** means all Information relating to the Compound, Backup Compound, Asthma Compounds, Biomarkers or Licensed Products and comprising medical, toxicological, pharmacological, pre-clinical, clinical or chemical data; specifications; medical uses; adverse reactions; formulations; bioanalytical metrics; analytical and quality control data and methods; and all proprietary information intended for submission or submitted to relevant Regulatory Authorities to support a Regulatory Approval Application for and Regulatory Approval of the Licensed Products in the Licensed Product Field in any country in the world, all to the extent Controlled by a Party.

**“Second Indication”** means, with respect to a Licensed Product, an indication that is distinct from all indications covered by the Regulatory Approvals of such Licensed Product from the applicable Regulatory Authority (*e.g.*, for the treatment of a disease that is distinct from any disease(s) for which Regulatory Approval has been previously granted) and distinct from all variants or sub-divisions or sub-

classifications of such indications. For clarity, the following uses shall not be considered a Second Indication: (a) the use of a Licensed Product in a line of therapy for an indication where the initially-approved indication is the use of such Licensed Product in another line of therapy for such indication (e.g., moving from second-line therapy to first-line therapy for the treatment of pulmonary hypertension) or (b) the use of a Licensed Product in a subset of patients (e.g., elderly, pediatric, or genetically defined patient subgroups, etc.) for an indication where the initially-approved indication is the use of such Licensed Product within another subset of patients for such indication.

“**Sublicensee**” means a Third Party to whom Licensee has granted a license or sublicense under the Licensed Technology, in accordance with the terms of this Agreement, to make, have made, use, sell, offer for sale, have sold, import or export a Licensed Product.

“**Territory**” means all countries of the world, or worldwide.

“**Third Party**” means any Person other than Licensee and Pulmokin and their respective Affiliates.

“**United States**” or “**U.S.**” means the United States of America and its territories and possessions.

“**USD**” means a United States Dollar.

“**Valid Claim**” means (a) a claim of an issued and unexpired patent, which claim has not been held invalid or unenforceable by a court or other government agency of competent jurisdiction from which no appeal can be or has been taken and has not been held or admitted to be invalid or unenforceable through re-examination or disclaimer, opposition procedure, nullity suit or otherwise and (b) a claim of any patent application that has been pending for fewer than seven (7) years after the earliest priority date of such patent application.

## 1.2. Additional Definitions.

The following table identifies the location of definitions set forth in various Sections of the Agreement:

DEFINED TERM	SECTION
Additional Third Party Licenses	Section 3.13(a)
Asthma Field Expansion	Section 2.7(b)
Background Patent Field	Section 1.15 of Gilead License
Background Product	Section 1.15 of Gilead License
Broad Field	Section 1.15 of Gilead License
Combination Product	Definition of Net Sales



Controlled Entity	Section 3.6
Damages	Section 12.1
Development Milestone	Section 3.2
Dispute	Section 16.5(a)
Equity Interest	Section 3.6
Excluded Claim	Section 16.4(g)
Field	Section 1.15 of Gilead License
Field Expansion	Section 2.7(a)
Force Majeure	Section 16.2
FSG	Preamble
Fully Diluted Basis	Section 3.6
Future New Inventions	Section 1.16 of Gilead License
Generic Product Competition	Section 3.13(b)
Gilead	Background
ICC Rules	Section 16.4(c)
Indemnification Claim Notice	Section 12.3(a)
Indemnified Party	Section 12.3(a)
Indemnifying Party	Section 12.3(a)
Joint Inventions	Section 6.4(b)
Licensee	Preamble
Licensee Confidential Information	Section 8.1(a)
Licensee Indemnities	Section 12.2
Licensee Inventions	Section 6.4(a)
Licenses	Section 2.1(a)
Orange Book	Section 6.6

Party or Parties	Preamble
Patent Challenge	Section 15.4
Practical Application	Section 4.2
Pulmokine	Preamble
Pulmokine Confidential Information	Section 9.1(a)
Pulmokine Indemnitees	Section 12.1
Regulatory Milestone	Section 3.3
Sales Milestone	Section 3.4
Senior Executives	Section 16.4(a)
Term	Article 14
Up-front Closing Payment	Section 3.1

### **1.3. Rules of Construction.**

The definitions set forth in Section 1.1 and elsewhere in this Agreement shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “but not limited to.” The use of the words “or” and “any” shall not be exclusive except where the context indicates otherwise. All references herein to Articles, Sections and Exhibits shall be deemed references to Articles and Sections of, and Exhibits to, this Agreement unless the context shall otherwise require. All Exhibits attached to this Agreement shall be deemed incorporated herein by reference as if fully set forth herein. Words such as “herein,” “hereof,” “hereto,” “hereby” and “hereunder” refer to this Agreement and to the Exhibits, taken as a whole. Except as otherwise expressly provided herein: (a) any reference in this Agreement to any agreement shall mean such agreement as amended, restated, supplemented or otherwise modified from time to time; and (b) any reference in this Agreement to any Law shall include corresponding provisions of any successor Law and any regulations and rules promulgated pursuant to such Law or such successor Law.

## **2. GRANT OF LICENSE; OTHER RIGHTS**

### **2.1. Licenses to Licensee Under Licensed Technology; Sublicenses.**

(a) Subject to the terms and conditions set forth in this Agreement, Pulmokine hereby grants to Licensee: (i) an exclusive right and license (and sub-license under the Gilead License and RCTR License), with the right to grant sublicenses through multiple tiers in accordance with this Section 2.1, under the Licensed Patents; and (ii) an exclusive right and license, with the right to grant sublicenses in accordance with this Section 2.1, under the Licensed Know-How, in each of (i) and (ii) to research, develop, commercialize, manufacture, make, have made, use, sell, offer for sale, have sold, import, export and

otherwise commercially exploit Licensed Products in the Licensed Product Field in the Territory (the “Licenses”).

(b) Licensee may grant sublicenses to its Affiliates and/or Third Parties under the Licensed Patents and Licensed Know-How without Pulmokine’s consent. Each sublicense shall be consistent with the applicable terms and conditions under this Agreement and any sublicenses granted to Third Parties shall be negotiated at arms-length and shall be for such consideration and on such terms as Licensee believes in good faith are commercially reasonable. Licensee shall, within [\*\*\*] after entering into any sublicense agreement, provide Pulmokine with a copy of such sublicense agreement, which may be redacted to remove any sensitive information not necessary for Pulmokine to verify its compliance with the terms of this Agreement and which sensitive information, for the purposes of this Section 2.1(b), shall [\*\*\*]. Notwithstanding the foregoing, within [\*\*\*] after entering into any sublicense agreement pursuant to which Licensee grants sublicenses [\*\*\*], Licensee shall provide Pulmokine with a true and complete copy of such sublicense agreement, [\*\*\*] such breach or terminating such sublicense agreement.

## **2.2. Gilead and RCTR Licenses.**

(a) Licensee acknowledges and agrees that the licenses and rights are granted by Pulmokine to Licensee under: (i) the Gilead Background Patents and the Pulmokine-Gilead Joint Patents which are licensed from Gilead pursuant to the Gilead License; and (ii) the Biomarker Patents, which are licensed from RCTR pursuant to the RCTR License and remain subject to the terms of such RCTR License, including the terms set forth in Sections 5.1-5.4, 8.1, 10.1, 10.2, 12.5 and 13.8-13.10 of the RCTR License, which have been reproduced in Exhibit I and shall be binding upon Licensee as if it were a party to such RCTR License.

(b) In the event that the Gilead License is terminated, this Agreement shall survive in accordance with the terms of Section 9.4 of the Gilead License.

(c) In the event that the RCTR License is terminated, at FSG’s option and in accordance with Section 4.3 of the RCTR License, the rights in and to the Biomarker Patents that are sublicensed to FSG in Section 2.1(a) shall be terminated or, subject to RCTR’s approval and contingent upon FSG’s acceptance of the provisions of the RCTR License, converted to a license directly between FSG and RCTR.

## **2.3. Use of Affiliates and Third Party Contractors.**

Subject at all times to Licensee’s compliance with Section 2.1(b) hereof, the Licenses granted under this Agreement include the right of Licensee to freely engage its Affiliates and Third Party contractors in exercising such rights and in carrying out its activities and obligations under this Agreement.

## **2.4. Registration and Recordation of Licenses.**

Notwithstanding anything to the contrary in Article 9, Licensee may register and/or record the Licenses granted under this Agreement in any country in the Territory. Upon request by Licensee, Pulmokine agrees promptly to execute any “short form” licenses consistent with the terms and conditions of this Agreement submitted to it by Licensee reasonably necessary to effect the foregoing registration in such country.

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## 2.5. No Implied Licenses; Retained Rights.

Except as expressly set forth herein, neither Party shall acquire any license or other right or interest, by implication or otherwise, under any Information, patents, trademarks, copyrights or any other intellectual property of the other Party or its Affiliates. Solely with respect to any Licensed Patents supported by federal funding, if any, the rights and licenses granted to Licensee by Pulmokine hereunder are subject to the rights, conditions and limitations imposed by United States Law (see 35 U.S.C. § 202 et seq. and regulations pertaining thereto), including without limitation: (i) the royalty-free, non-exclusive license granted to the U.S. government; and (ii) the requirement that any Licensed Product used or sold in the United States shall normally be manufactured substantially in the United States.

All rights not expressly granted by Pulmokine under this Agreement are reserved by Pulmokine and may be used or otherwise exploited by Pulmokine for any purpose. [\*\*\*]. In the event of an assignment of this Agreement by Pulmokine in accordance with Section 16.1, no rights or licenses to the intellectual property rights Controlled by Pulmokine's successor shall be granted to Licensee by virtue of such an assignment, beyond the rights and licenses that are expressly granted to Licensee by Pulmokine herein.

## 2.6. Exclusivity.

After the Effective Date and during the Term, neither Pulmokine nor any of its Affiliates shall research, develop or commercialize, directly or indirectly, or grant any Third Party any rights to any molecule that is an inhibitor of PDGFR kinase, including the Compound, Backup Compound, Asthma Compounds and Licensed Product; provided, however, that the foregoing shall in no way preclude or otherwise limit Pulmokine's performance and completion of the ongoing Phase 1A clinical trial, as described in Pulmokine's IND 122593 until such time as IND 122593 has been transferred to Licensee or its designee, and Pulmokine's NIH SBIR Grants (R44HL102946 for PK10571 and 1R43HL132709-01 for asthma) have been transferred to Licensee or its designee.

## 2.7. Field Expansion Option.

(a) If Licensee, its Affiliates or Sublicensees identifies a potential application of a Background Product (as defined in the Gilead License) outside of the Background Patent Field (as defined in the Gilead License), then Licensee may provide Pulmokine notice of such application and request that Pulmokine engage Gilead to request that the field of use be expanded to include the potential application. Upon receipt of such notice Pulmokine shall engage Gilead to request an amendment to the Gilead License to expand the Background Patent Field (as defined in the Gilead License) up to and including the Broad Field (as defined in the Gilead License) for the Background Product(s) and, following completion of the same, if successful, Pulmokine shall provide Licensee with written notice thereof accompanied by a copy of such Gilead License amendment (the "**Field Expansion**"). Representatives of Licensee may elect to participate with Pulmokine, and Pulmokine shall use good faith efforts to facilitate Licensee's participation, in any discussions or negotiations with Gilead concerning such proposed field of use expansion, [\*\*\*]. To the extent that any additional amounts are required to be paid to Gilead as consideration for the expansion of the field of use, then, prior to amending the Gilead License to expand such field of use, Pulmokine and Licensee shall discuss in good faith the commercial reasonableness of the consideration required by Gilead for the proposed expansion of the field of use. If such consideration is commercially reasonable Pulmokine shall execute the amendment and [\*\*\*]. Licensee shall be permitted to [\*\*\*] in connection with such

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expansion of the field of use [\*\*\*] that are covered by the Field Expansion but would not have been covered by the Field (as defined in the Gilead License).

(b) In the event that the Field Expansion includes at least all indication(s) related to [\*\*\*] and all Future New Inventions (as defined in the Gilead License) (the [\*\*\*]), then Licensee [\*\*\*].

(c) Licensee hereby acknowledges and agrees that Pulmokine’s ability to successfully amend the Gilead License, as contemplated by this Section 2.7, remains subject to certain factors that are outside of Pulmokine’s reasonable control, [\*\*\*] the Licensee’s requested amendment(s) of such Gilead License to expand the field.

### 3. CONSIDERATION

In consideration of the Licenses and other rights granted to Licensee under this Agreement, Licensee shall pay to Pulmokine the payments as described in this Article 3.

#### 3.1. Up-front Closing and Field Expansion Payment.

(a) Upon execution of this Agreement, Licensee shall pay to Pulmokine an initial one-time, non-refundable payment (the “**Up-front Closing Payment**”) equal to five million, and five hundred thousand USD (\$5,500,000).

(b) Licensee shall pay Pulmokine an additional one-time, non-refundable milestone payment of [\*\*\*] dollars (\$[\*\*\*]) within [\*\*\*].

#### 3.2. Development Milestones.

Within [\*\*\*] of Licensee or its Affiliates or Sublicensees first achieving the following development-related milestone events with respect to first Licensed Product to achieve such milestone (each, a “**Development Milestone**”), Licensee will notify Pulmokine in writing thereof and, upon receipt of an invoice from Pulmokine, will pay the below-specified non-refundable amounts to Pulmokine:

Development Milestone	Milestone Payment (USD)
[***]	\$ [***]
[***]	\$ [***]
[***]	\$ [***]
[***]	\$ [***]
[***]	\$ [***]

For the purposes of this Section 3.2, the term “Licensed Product” shall expressly exclude any process or tangible material, which, in the course of being practiced, manufactured, used, sold or

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imported, would contain or otherwise incorporate one or more of the Biomarkers or other similar subject matter that is the subject of the Biomarker Patents. For clarity, Licensee shall be required to pay any Development Milestone payment if a subsequent Development Milestone is achieved before a preceding Development Milestone. [\*\*\*].

For clarity, each Development Milestone payment is due only once regardless of the number of Licensed Products developed by Licensee.

### 3.3. Regulatory Milestones.

Within [\*\*\*] of Licensee or its Affiliates or Sublicensees first achieving the following regulatory milestone events with respect to the First and Second Licensed Products (each, a “**Regulatory Milestone**”), Licensee will notify Pulmokine in writing thereof and, upon receipt of an invoice from Pulmokine, will pay the below-specified non-refundable amounts to Pulmokine:

<u>Regulatory Milestone</u>	<u>Milestone Payment For First Licensed Product (USD)</u>	<u>Milestone Payment For Second Licensed Product (USD)</u>
[***]:		
1. [***]	\$ [***]	N/A
2. [***]	\$ [***]	
3. [***]	\$ [***]	\$ [***]
4. [***]	\$ [***]	\$ [***]
5. [***]	\$ [***]	[***]
6. [***]	\$ [***]	
7. [***]	\$ [***]	\$ [***]
8. [***]	\$ [***]	\$ [***]

For clarity, the milestone payments under this Section 3.3 shall not [\*\*\*] for the first Licensed Product, \$[\*\*\*] for the second Licensed Product, or a total of \$[\*\*\*] for all Licensed Products.

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For the purposes of this Section 3.3, the term “**First Licensed Product**” shall mean a Licensed Product [\*\*\*] and the term “**Second Licensed Product**” shall mean a Licensed Product [\*\*\*], provided that, for clarity, each of the First Licensed Product and Second Licensed Product shall [\*\*\*].

### 3.4. Sales Milestones.

Within [\*\*\*] of Licensee or its Affiliates or Sublicensees first achieving the following sales-related milestone events during the Royalty Term with respect to aggregate annual Net Sales of the Licensed Products (each, a “**Sales Milestone**”), Licensee will notify Pulmokine in writing thereof and, upon receipt of an invoice from Pulmokine, pay the below-specified amounts to Pulmokine:

<u>Sales Milestone</u>	<u>Milestone Payment (USD)</u>	
[***]	\$	[***]
[***]	\$	[***]
[***]	\$	[***]
[***]	\$	[***]

For clarity, each Sales Milestone payment is due only once regardless of the number of Licensed Products commercialized by Licensee or the number of times the Sales Milestone is met.

### 3.5. Royalty.

During the Royalty Term, on a License Product-by-Licensed Product basis, Licensee shall pay to Pulmokine royalty payments at the following royalty rates on the applicable portion of the cumulative Territory-wide Calendar Year Net Sales of all Licensed Products:

Cumulative Calendar Year Net Sales of the Licensed Products	Royalty Rate
Portion of cumulative Calendar Year Net Sales of Licensed Products in the Territory up to and including USD \$[***]	[***]%
Portion of cumulative Calendar Year Net Sales of Licensed Products in the Territory between USD \$[***] and USD \$[***]	[***]%
Portion of cumulative Calendar Year Net Sales of Licensed Products in the Territory exceeding USD \$[***]	[***]%

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### 3.6. Sublicensing Income and Purchaser Income.

(a) Licensee shall pay to Pulmokine a percentage of all Sublicense Income and Purchaser Income received by Licensee or its Affiliates at the following rates:

(i) [\*\*\*] percent ([\*\*\*]%) [\*\*\*] Sublicensee or a Third Party purchaser (“**Purchaser**”) pursuant to a sublicense or purchase agreement entered into with such a Sublicensee or Purchaser prior to [\*\*\*];

(ii) [\*\*\*] percent ([\*\*\*]%) of Sublicense Income or Purchaser Income paid to, or earned or accrued by, Licensee or its Affiliates from a Sublicensee or Purchaser pursuant to a sublicense or purchase agreement entered into with such a Sublicensee or Purchaser after the milestone in subparagraph (a) and [\*\*\*]; and

(iii) [\*\*\*] percent ([\*\*\*]%) of Sublicense Income or Purchaser Income paid to, or earned or accrued by, Licensee or its Affiliates from a Sublicensee or Purchaser pursuant to a sublicense or purchase agreement entered into with such a Sublicensee or Purchaser [\*\*\*].

(b) For any Purchaser Income due to Pulmokine pursuant to Section 3.6(a) [\*\*\*].

(c) For payments for Sublicense Income that is earned or accrued in the relevant time period under this Section 3.6, such payments shall be due Pulmokine on Licensee’s or its Affiliates’ actual receipt of such Sublicense Income [\*\*\*]. For clarity, no payments for Sublicensing Income or Purchaser Income shall be due to Pulmokine unless actually received by Licensee or its Affiliates.

(d) For purposes of this Section 3.6, “**Sublicense Income**” means [\*\*\*], received by Licensee or its Affiliates from a Sublicensee pursuant to a sublicense of one or more of the Licensed Patents granted pursuant to this Agreement; and “**Purchaser Income**” means any payment received by Licensee or its Affiliates from a Third Party [\*\*\*], or a Change of Control of Licensee. Not included in Sublicensing Income or Purchaser Income is any other consideration received by Licensee or its Affiliates from a Sublicensee or Purchaser, including income received by Licensee (i) [\*\*\*]; (ii) [\*\*\*]; (iii) [\*\*\*]; (iv) [\*\*\*]; (v) [\*\*\*], (vi) [\*\*\*], and/or (vii) [\*\*\*].

### 3.7. Royalty Payment Timing; Reports of Net Sales.

Within forty five (45) days following the end of each Calendar Quarter during which royalties accrue, Licensee shall provide to Pulmokine a quarterly report on Net Sales of Licensed Products during such Calendar Quarter. Such report shall include a written report in reasonable detail of:

(a) the Net Sales of Licensed Products for the previous Calendar Quarter, broken down by country and product, (b) the royalty payment that is due and payable, and (c) the basis for calculating such royalty payment including the gross sales of Licensed Products by country and product, the rate of currency conversion and date such conversion was calculated. [\*\*\*].

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### 3.8. Audits.

During the Royalty Term, Licensee shall keep records pertaining to the sale or other disposition of Licensed Products by Licensee, its Affiliates and Sublicensees in sufficient detail to permit Pulmokine to confirm the accuracy of the royalties and Sales Milestone payments due hereunder. All such records shall be kept at Licensee's principal place of business for a period of not less than [\*\*\*] following the end of the Calendar Year to which they pertain. Pulmokine shall have the right to cause an independent accounting firm reasonably acceptable to Licensee to audit such records for the purpose of confirming Net Sales and royalties. Such audits may be exercised during normal business hours upon reasonable prior written notice (not to be less than thirty (30) days) to Licensee. Upon request, such accounting firm shall execute a confidentiality agreement with Licensee prior to commencing the audit. Adjustments (including remittances of underpayments or overpayments disclosed by such audit) shall be made by the Parties to reflect the results of such audit, which adjustments shall be paid promptly following receipt of an invoice therefor. Pulmokine shall bear the full cost and expense of such audit unless such audit discloses an underpayment by Licensee of [\*\*\*] percent ([\*\*\*]%) or more of the amount of royalties due under this Agreement for the audited period, in which case Licensee shall bear the cost and expense of such audit.

If Licensee in good faith disputes the conclusion of the accounting firm under the first paragraph of this Section 3.8 that Licensee owes additional royalties or other payments, or any specific aspect of the conclusion, then Licensee will inform Pulmokine by written notice within sixty (60) days of receiving a copy of the audit containing such conclusion, specifying in detail the reasons for Licensee's disputing such conclusion. The Parties will promptly thereafter meet and negotiate in good faith a resolution to such dispute.

### 3.9. Currency.

All payments under this Article 3 will be made in USD. With respect to sales of Licensed Products invoiced in a currency other than USD, all amounts reported and payable under this Agreement shall be calculated based on the domestic currency where such sale is made and converted (as applicable) into the USD equivalent. The USD equivalent shall be calculated in accordance with U.S. GAAP.

### 3.10. Account.

All payments to be made to Pulmokine under this Agreement will be made by wire transfer to the following account:

[\*\*\*]

or such other account as may be specified by Pulmokine in writing to Licensee.

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### 3.11. Taxes.

Each Party shall be responsible for any and all taxes required by Law that are levied on the payments it receives under this Agreement. If applicable Law requires that taxes be withheld from a payment made by FSG to Pulmokine under this Agreement, FSG shall (a) deduct those taxes from the remittable payment, (b) pay the taxes to the proper taxing authority, and (c) send evidence of the obligation together with proof of payment to Pulmokine within thirty (30) days following that payment. Each Party agrees to cooperate with the other Party in claiming exemption from such deductions or withholdings under any relevant agreement or treaty which is in effect and, to the extent permitted by applicable Law, minimizing the amount of tax payable with respect to payments made and received under this Agreement. In addition, the Parties shall cooperate in accordance with applicable Law to minimize indirect taxes (such as value added tax, sales tax, consumption tax and other similar taxes) in connection with this Agreement.

### 3.12. Interest on Late Payments.

Interest shall be payable on any payments that are not paid on or before the date [\*\*\*] after the date such payments are due under this Agreement at the per-annum rate of prime (as reported in The Wall Street Journal (U.S., Eastern Edition)) plus [\*\*\*] percentage points or the maximum rate allowable by Law, whichever is less.

### 3.13. Permitted Reductions.

Notwithstanding the provisions of Section 3.5,

(a) in the event that Licensee reasonably determines that it is necessary for Licensee to obtain a license from a Third Party to research, develop, make, have made, use, offer to sell, sell, have sold or import any Licensed Product (“**Additional Third Party Licenses**”) and Licensee obtains such an Additional Third Party License, then Licensee may deduct from the royalty payment that would otherwise have been due to Pulmokine, an amount equal to [\*\*\*] percent ([\*\*\*]%) of the royalties actually paid to such Third Party under such Additional Third Party Licenses by Licensee to research, develop, make, have made, use, offer to sell, sell, have sold or import, as applicable, such Licensed Product; provided, that in the case of [\*\*\*], this Section 3.13(a) applies [\*\*\*] provided, further, that in no event shall the royalties owed by Licensee to Pulmokine be reduced by more than [\*\*\*] percent ([\*\*\*]%) pursuant to this paragraph 3.13(a);

(b) in the event that, on a Licensed Product-by-Licensed Product and country-by-country basis, Generic Product Competition is present with respect to such Licensed Product in such country, then [\*\*\*] Net Sales of such Licensed Products in such countries, and for purposes of this paragraph, “**Generic Product Competition**” shall mean with respect to a Licensed Product on a country-by-country basis, [\*\*\*];

(c) in countries in the Territory where a Licensed Product is not Covered by a Valid Claim of a Licensed Patent in the country of sale and there is no Marketing Exclusivity in such countries for the Licensed Product, [\*\*\*] in such countries with respect to the Royalty Term [\*\*\*]; and

(d) Except as otherwise set forth in Section 3.13(b), in no event shall the royalties owed by Licensee to Pulmokine for a particular Licensed Product be reduced to less than the amount owed by Pulmokine under the Gilead License and the RCTR License for such Licensed Product.

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### 3.14. FSG Guaranty.

FSG irrevocably and unconditionally guarantees the payment of each and every payment obligation of Licensee to Pulmokine under this Article 3, whether now existing or hereafter arising. FSG shall promptly pay to Pulmokine any amount properly due to Pulmokine upon demand following any failure on the part of Licensee to cure a payment default in accordance with Section 15.3, provided that Pulmokine is not then in breach of this Agreement, Pulmokine waives the Licensee's corresponding payment default (subject to FSG's cure thereof), and any and all then existing breaches (or alleged breaches) of the Agreement by Licensee that are known to Pulmokine shall be made known to Licensee and FSG at the time of Pulmokine's demand following such a failure on the part of Licensee. Notwithstanding anything to the contrary herein, FSG's obligations under this Section 3.14 shall exist only as long as Licensee is an Affiliate of FSG and Licensee has not assigned this Agreement to a third party.

## 4. DEVELOPMENT AND COMMERCIALIZATION OF LICENSED PRODUCTS

### 4.1. Know-How and Regulatory Filings.

Pulmokine shall disclose to Licensee, at Pulmokine's cost and expense, the Licensed Know-How as Controlled by Pulmokine as of the Effective Date, including all Scientific Information, Data and other Information related to the Compound, the Backup Compound, the Asthma Compounds, Biomarkers and Licensed Products. Subject at all times to Section 15.7, Pulmokine shall transfer all Regulatory Filings existing as of the Effective Date for the Compound, Backup Compound, Asthma Compounds, Biomarkers and Licensed Products in the Licensed Product Field in the Territory to Licensee. All Licensed Know-How required to be disclosed and all Regulatory Filings required to be transferred under this Section 4.1 shall be the Confidential Information of Licensee.

### 4.2. General.

Except as expressly set forth herein, Licensee (either by itself or through its Affiliates or Sublicensees) shall be solely responsible for and shall use Commercially Reasonable Efforts to develop and commercialize at least one (1) Licensed Product that contains or otherwise incorporates one or more of the [\*\*\*] in the Licensed Product Field in the United States and at least two (2) countries in the European Union, at its own cost and expense.

The Licensee shall report to Pulmokine the dates of the First Commercial Sale of each Licensed Product in each country in the Territory within fourteen (14) days of such occurrences. Additionally, with respect to any Licensed Product that contains or otherwise incorporates [\*\*\*], Licensee agrees to: (a) use its Commercially Reasonable Efforts to [\*\*\*]; (b) upon the First Commercial Sale thereof and continuing until the expiration or termination of this Agreement, [\*\*\*]; (c) after the First Commercial Sale thereof, to [\*\*\*]; (d) after the First Commercial Sale and as part of its [\*\*\*]; and (e) to [\*\*\*]. For the purposes of this Section 4.2, the term "**Practical Application**" means to manufacture in the case of a composition or product, to practice in the case of a process or method, or to operate in the case of a machine or system; and in each case, under these conditions as to establish that the invention that is the subject of [\*\*\*] and that its benefits are to the extent permitted by law or regulations of the United States Government available to the public on reasonable terms.

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### **4.3. Regulatory.**

Except as expressly set forth herein, Licensee shall have the sole right to apply for and maintain, at Licensee's cost and expense, all Regulatory Approvals of Licensed Products in the Licensed Product Field in the Territory. [\*\*\*]. Licensee shall have the sole right to prepare, file and otherwise handle all regulatory materials and all communications and interactions with Regulatory Authorities with respect to Licensed Products in the Licensed Product Field in the Territory, both prior to and subsequent to Regulatory Approval. Unless otherwise prohibited by Applicable Law, [\*\*\*] concerning a Licensed Product. Licensee shall have the sole right to file and maintain all required regulatory dossiers to obtain (and maintain) Regulatory Approvals of Licensed Products in the Licensed Product Field in the Territory and shall be the holder of any such Regulatory Approvals. Pulmokine shall reasonably cooperate with Licensee in obtaining Regulatory Approvals of Licensed Products. Licensee shall have sole responsibility and control with respect to all safety and pharmacovigilance activities with respect to the Licensed Products under Law, and Pulmokine agrees to provide Licensee with any safety or pharmacovigilance-related Information in Pulmokine's possession, as Licensee may reasonably request from time to time.

### **4.4. Reporting.**

Licensee shall keep Pulmokine reasonably informed on the development and commercialization of the Licensed Products, including with respect to receipt of any Regulatory Approvals. During the period beginning with the commencement of the Phase 2 Clinical Trial for the initial Licensed Product, and ending on the date of receipt of Regulatory Approval for such Licensed Product, Licensee shall provide Pulmokine with reasonably detailed written reports [\*\*\*] summarizing Licensee's activities with respect to the development of the Licensed Product since the last such report. In addition, Licensee shall provide Pulmokine with reports under Section 3.7.

### **4.5. Supply of Licensed Product.**

Except as otherwise agreed upon by the Parties, Licensee shall be solely responsible for manufacturing or having manufactured, at its cost and expense and in accordance with applicable Law, sufficient clinical and commercial quantities of the Licensed Product to fulfill Licensee's development and commercial obligations hereunder. Notwithstanding the foregoing, upon request by Licensee, Pulmokine shall sell to Licensee at Pulmokine's cost of goods plus delivery costs some or all quantities of the Backup Compound or Asthma Compounds active pharmaceutical ingredient (API) and/or Licensed Product containing same and/or Biomarkers in Pulmokine's possession and some or all quantities of the Compound active pharmaceutical ingredient (API) and/or Licensed Product containing same in Pulmokine's possession following its completion of the Phase 1A clinical trial.

### **4.6. Technology Transfer.**

As soon as reasonably practicable after the Effective Date, Pulmokine shall disclose and deliver to Licensee (or its designee) all tangible embodiments of all Licensed Know-How in its possession and Control that is useful or necessary to research, develop, make, use, sell, offer for sale or import the Licensed Products. Pulmokine shall make such Licensed Know-How available in a mutually agreed upon format and where feasible in electronic form. Without limiting the foregoing, Pulmokine will provide reasonable assistance to Licensee or its designee in connection with understanding and using the Licensed Know-How related to the Licensed Products, including assistance from its professional staff for meetings, telephone calls, and other reasonable assistance as requested by Licensee to enable it to understand and use such Licensed Know-How. In addition, upon the reasonable request of Licensee, Pulmokine shall reasonably cooperate with Licensee to transition the manufacture of the applicable Licensed Products to a contract

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manufacturing organization designated by Licensee. Licensee agrees to reimburse Pulmokine for its reasonable costs and expenses incurred in connection with Pulmokine's delivery of the Licensed Know-How and the provision of related support under this Section 4.6, provided that Pulmokine provides documentation of such costs and expenses reasonably acceptable to Licensee. All information and material required to be disclosed and delivered under this Section 4.6 shall be the Confidential Information of Licensee.

## **5. JOINT DEVELOPMENT COMMITTEE**

### **5.1. Formation; Composition.**

Within thirty (30) days after the Effective Date, the Parties shall establish a Joint Development Committee composed of no more than three (3) representatives of each Party. Each Party may change its representatives to the JDC from time to time in its sole discretion, effective upon notice to the other Party of such change. These representatives shall have appropriate technical credentials, experience and knowledge. A reasonable number of additional representatives of a Party may attend meetings of the JDC in a non-voting capacity. After its establishment, the JDC shall remain in place until the initial Regulatory Approval of the initial Licensed Product, unless otherwise agreed by the Parties in writing. A JDC member appointed by Licensee shall serve as chairperson of the JDC.

### **5.2. Responsibilities.**

The JDC's overall responsibility shall be to encourage and facilitate ongoing cooperation between the Parties with respect to the development activities contemplated by this Agreement and to perform the other obligations specifically delegated to it by this Agreement, subject to the limitations set forth in this Article 5. The JDC shall also serve as the principal means by which Licensee keeps Pulmokine informed regarding Licensee's development plans, efforts and results with respect to Licensed Products in the Licensed Product Field in the Territory, including without limitation: (a) providing a forum for the Parties to discuss regulatory, scientific and/or clinical matters and objectives relating to the development of such Licensed Products; (b) discussing and reviewing the progress and Data relating to the development of such Licensed Products and the Parties' performance relative to any established objectives; and (c) performing such other functions as appropriate to further the purposes of this Agreement, as mutually agreed upon by the Parties in writing.

### **5.3. Decision-Making.**

The JDC shall operate by unanimous consent of its members. In the event of an unresolved dispute regarding any development activities related to the Licensed Product in the Licensed Product Field in the Territory, the position of the members of the JDC appointed by Licensee shall control; [\*\*\*]. The JDC shall not have the power to amend or waive compliance with this Agreement, or to resolve any disputes relating to intellectual property rights, including disputes relating to the inventorship, enforceability, validity or scope of patent or other intellectual property rights.

### **5.4. Meetings.**

Unless otherwise agreed upon by the Parties the JDC shall meet at least once [\*\*\*] every Calendar Quarter, in each case at times mutually agreed upon by the Parties. At least one (1) of such

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meetings per Calendar Year shall be held in person, and all other such meetings may be held by teleconference or videoconference. The location of the meetings of the JDC to be held in person shall be agreed upon by the Parties. Each Party shall bear all expenses of its representatives on the JDC.

#### **5.5. Meeting Agenda; Minutes.**

The JDC chairperson shall be responsible for preparing and circulating an agenda in advance of each meeting of the JDC and for preparing and issuing minutes of each meeting within thirty (30) days thereafter. Such minutes will not be finalized until both Parties' representatives on the JDC review and confirm the accuracy of such minutes in writing. Each Party will disclose to the other Party any other proposed agenda items along with appropriate information at [\*\*\*] Business Days in advance of each meeting of the JDC; provided that, under exigent circumstances requiring the JDC's input, a Party may provide its agenda items to the other Party within a lesser period of time in advance of the meeting so long as such other Party consents to such later addition of such agenda items for such JDC meeting.

#### **5.6. Dissolution on Change of Control.**

At any time following the completion of the ongoing Phase IA clinical trial, Licensee may, in its sole discretion, dissolve the JDC in the event of a Change of Control of Pulmokine.

### **6. INTELLECTUAL PROPERTY**

#### **6.1. Patent Prosecution and Maintenance.**

As between the Parties, Licensed Patents shall be diligently prepared, filed, prosecuted and maintained by Pulmokine and in accordance with this Section 6.1. [\*\*\*], and Licensee shall reimburse Pulmokine for [\*\*\*] of receipt of invoice therefor. [\*\*\*] Pulmokine shall: (a) keep Licensee reasonably informed of the preparation, filing, prosecution and maintenance of Licensed Patents, (b) provide Licensee with the opportunity to review and comment on any and all such prosecution efforts, and in no event less than thirty (30) days prior to any filing deadlines, provide Licensee copies of all documents relevant to any such prosecution efforts, including any drafts of any material filings or responses to communications with Regulatory Authorities, (c) take into consideration in good faith any comments from Licensee on such prosecution efforts, and (d) provide Licensee with a copy of all material communications from Regulatory Authorities in the Territory regarding the Licensed Patents. If Pulmokine desires to [\*\*\*] allow any Licensed Patents to lapse or to abandon any Licensed Patents, Pulmokine shall notify Licensee in writing not less than [\*\*\*] prior to taking such action [\*\*\*] and [\*\*\*] Licensee shall have the right (but not the obligation) to assume the responsibility for and control of the prosecution and maintenance of such Licensed Patents, as applicable, [\*\*\*].

#### **6.2. Enforcement of Intellectual Property Rights.**

(a) **General.** Each Party will promptly notify the other Party of any infringement or misappropriation or suspected infringement or misappropriation that may come to its attention relating to the Licensed Technology and will provide the other Party with reasonable information with respect thereto.

(b) **Licensee First Right in the Territory.** If a Third Party infringes or misappropriates any Licensed Patents or Licensed Know-How and such infringement or misappropriation relates to Licensed Products in the Licensed Product Field in the Territory, then, [\*\*\*], as applicable, [\*\*\*] will have the first

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right (but not the obligation), at its own expense, to pursue any and all remedies against such Third Party, and [\*\*\*] will have the right to participate in such action at its own expense. [\*\*\*], as applicable, should [\*\*\*] determine not to pursue remedies with respect to any such infringement or misappropriation of Licensed Patents or Licensed Know-How within (a) [\*\*\*] following the notice of alleged infringement or (b) [\*\*\*] before the time limit, if any, set forth in the applicable Laws for the filing of such actions, whichever comes first, then [\*\*\*] will have the right (but not the obligation), at its own expense, to pursue remedies against such Third Party with respect to the Licensed Patents and Licensed Know-How, and [\*\*\*] shall have the right to participate in such action at its own expense.

(c) **Assistance and Cooperation; Recoveries.** If a Party pursues remedies hereunder with respect to infringement or misappropriation of Licensed Patents or Licensed Know-How, the other Party shall assist and cooperate fully with the Party pursuing such remedies, including, if required to bring such action, joining in any action as set forth in this Section 6.2 or providing a power of attorney. [\*\*\*], as applicable, [\*\*\*], any damages or other amounts collected will be distributed, first, to the Party that pursued remedies to cover its costs and expenses and, second, to the other Party to cover its costs and expenses, if any, relating to the pursuit of such remedies; and any remaining amount will be distributed to the Parties in equal amounts; [\*\*\*].

(d) **Settlement of Litigation.** No settlement, consent judgment or other final disposition of an action for infringement or validity or misappropriation may be entered into as to any Licensed Patents or Licensed Know-How in the Licensed Product Field without the prior written consent of Licensee, which consent shall not be unreasonably withheld.

### 6.3. Third Party Actions.

If a Third Party institutes (a) a patent, trade secret or other infringement or misappropriation suit against Licensee during the Term, alleging that the manufacture, marketing, sale, use, importation, exportation or other exploitation of the Licensed Products infringes or misappropriates one (1) or more patent or other intellectual property rights held by such Third Party or (b) an opposition, re-examination request, action for declaratory judgment, nullity action, interference, inter partes review, challenge related to a certification filed pursuant to 21 U.S.C. § 355(b)(2)(A) or §355(j)(2)(A)(vii)(IV) or its successor provisions or a similar action under foreign Laws, or other attack upon the validity, title or enforceability of the Licensed Patents, then Licensee will have the sole right (but not the obligation) to assume direction and control of the defense of such claims. At Licensee's request, Pulmokine will provide reasonable assistance in connection with the defense of such claims, including, at either Party's request, the entry into a "common interest agreement" as may be appropriate. Each Party shall bear its own expenses incurred in connection with the defense of such claims.

### 6.4. Ownership of Inventions.

(a) **Inventorship.** Inventorship of inventions and discoveries conceived and reduced to practice during the Term shall be determined in accordance with the rules of inventorship under United States patent laws. Pulmokine shall solely own all patent applications and patents that encompass all such inventions and discoveries that are solely invented by Pulmokine, which, if necessary or useful to the research, development, manufacture, commercialization, sale, use or other exploitation of the Compound, Backup Compound, Asthma Compounds, Biomarkers or Licensed Products, shall constitute Licensed Patents and be subject to the terms and conditions of this Agreement. Licensee shall solely own and shall bear all expenses incurred in preparing, filing, prosecuting and maintaining all patent applications and patents that encompass all such inventions and discoveries that are solely invented by Licensee, its

Affiliates or Sublicensees, and which for the purposes hereof shall include any Improvements made solely by Licensee (the “**Licensee Inventions**”).

(b) **Joint Inventions.** The Parties do not intend to conduct any activities which could result in inventions or discoveries in which one (1) or more employees, officers, directors, contractors or agents of Licensee, its Affiliates or Sublicensees and one (1) or more employees, officers, directors, contractors or agents of Pulmokine have contributed to the conception of such invention or discovery, and which for the purposes hereof shall include any Improvements (whether such Improvements were solely or jointly made, developed, conceived or reduced to practice by Pulmokine, but excluding Improvements made solely by Licensee) (collectively, “**Joint Inventions**”). In the unlikely event that Joint Inventions are conceived and reduced to practice during the Term, Pulmokine and Licensee shall jointly own all right, title and interest in and to such Joint Inventions, and Pulmokine’s rights in such Joint Inventions shall be automatically included in the Licensed Technology licensed to Licensee under Section 2.1 without additional consideration, except as provided in Section 6.1. Each Party will promptly, but in no event later than thirty (30) days from invention, creation or conception, inform the other Party of all Joint Inventions. Information provided with respect to such Joint Inventions will be in reasonable detail but in no circumstance less than would be sufficient to permit an understanding of the nature of such Joint Inventions by a practitioner reasonably skilled in the relevant technical or scientific area. Notwithstanding anything set forth in Section 8.1 to the contrary, to the extent that any such Joint Inventions constitute a Future New Invention (as defined in the Gilead License), then Pulmokine shall provide Gilead with notice thereof in accordance with the terms of such Gilead License

(c) **Trademarks.** In its sole discretion, Licensee will own and shall have sole responsibility and control with respect to all trademarks related to its commercialization and other exploitation of Licensed Products and with respect to registering, defending and maintaining such trademarks.

#### **6.5. Patent Cooperation.**

Pulmokine shall make its employees, agents and consultants reasonably available to Licensee (or Licensee’s authorized attorneys, agents or representatives) at Licensee’s expense, to the extent reasonably necessary to enable Licensee to undertake preparation, filing, prosecution and maintenance of the Licensee Inventions.

#### **6.6. Orange Book.**

In the event that one (1) or more Licensed Patents contains a claim or claims that must be submitted for a Licensed Product covered by such patent pursuant to 21 C.F.R. § 314.53 or its successor and subsequently be listed in the Approved Drug Products with Therapeutic Equivalence Evaluations published by the FDA Center for Drug Evaluation and Research or any successor publication (the “**Orange Book**”), Licensee shall promptly confer with Pulmokine regarding the same and, following which Licensee shall have the right in its sole discretion to file with the FDA the required listing documents and certifications, and Pulmokine will sign any power of attorney, and do such other lawful acts, in each case as are required by FDA to effect such submission as required under 21 C.F.R. § 314.53(c)(2)(ii) or its successor.



## **6.7. Patent Term Extensions.**

Licensee shall have the right to prepare and file, or to cause Pulmokine [\*\*\*] to prepare and file, a patent term extension or supplementary protection certificate application with respect to any applicable Licensed Patent upon Regulatory Approval of a Licensed Product (which is Covered by such Licensed Patent), and the Parties will cooperate with each other and use reasonable efforts to obtain all available extensions and supplementary protection certificates for any such Licensed Patent applicable to such Licensed Product. Each Party shall be permitted to assist and provide comments to the other Party, and to provide the regulatory timeline, diligence and regulatory period calculations required as part of the application, to complete the application(s) for such extensions or supplementary protection certificates and to assist in any other matters related to preparation of the application(s) for such extensions or supplementary protection certificates, and each Party will fully cooperate, in preparing and filing such a patent term extension or supplementary protection certificate application with respect to any such Licensed Patent within the limited time set for filing such application. All term extensions under this Section 6.7 shall be owned by Pulmokine, except to the extent that the applicable Licensed Patent is a Pulmokine-Gilead Joint Patent, in which event the term extension shall be jointly owned by Pulmokine and Gilead.

## **7. REPRESENTATIONS, WARRANTIES AND COVENANTS**

### **7.1. No Litigation.**

Each Party represents and warrants to the other Party that, to its knowledge as of the Effective Date, there is no litigation, proceeding or investigation pending or threatened against or involving such Party in any court or before any agency or regulatory body which could adversely affect such Party's ability or right to carry out the transactions contemplated by this Agreement.

### **7.2. No Debarment.**

Neither Party, nor any of such Party's employees, independent contractors, consultants, agents or officers: (a) has ever been debarred or is subject to debarment or, to such Party's knowledge, convicted of a crime for which a Person could be debarred before a Regulatory Authority under applicable Laws, or (b) to such Party's knowledge, has ever been under indictment for a crime for which a Person could be debarred under such Laws.

### **7.3. Corporate Existence.**

As of the Effective Date, each Party represents and warrants to the other Party that it is a company duly organized, validly existing and in good standing under the Laws of the jurisdiction in which it is formed.

### **7.4. Authority to Execute and Perform.**

As of the Effective Date, each Party represents, warrants and covenants to the other that it:

- (a) has the power and authority and the legal right to enter into this Agreement and to perform its obligations hereunder;
- (b) has taken all necessary company action on its part required to authorize the execution and delivery of this Agreement;

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(c) has duly executed and delivered this Agreement, which constitutes a legal, valid and binding obligation of it and which is enforceable against it in accordance with this Agreement's terms; and

(d) shall perform its obligations hereunder in compliance with applicable Laws.

#### **7.5. Non-Contravention.**

As of the Effective Date, Pulmokine represents and warrants to Licensee that the execution, delivery and performance of this Agreement by it, and the transactions contemplated hereby, do not and will not:

(a) conflict with or result in a breach of any provision of the corporate charter, certificate of incorporation, by-laws or organizational documents of Pulmokine or any of its Affiliates;

(b) conflict with, result in a breach or default or give rise to any right of termination, cancellation, modification or acceleration under any contract, agreement or instrument related to the Licensed Patents, Licensed Know-How or Licensed Products to which Pulmokine or any of its Affiliates is a party (including the Gilead License and the RCTR License) or to which Pulmokine or any of its Affiliates may be subject although not a party;

(c) violate any applicable Laws; or

(d) result in the imposition of any lien or encumbrance upon any Licensed Patent, Licensed Know-How or Licensed Product.

#### **7.6. Additional Pulmokine Representations, Warranties and Covenants.**

Pulmokine represents, warrants and covenants to Licensee that:

(a) Pulmokine is the sole and exclusive owner of the entire right, title and interest in and to the Pulmokine-Controlled Patents on Exhibit E and the Asthma Patent on Exhibit G free and clear of all liens and other encumbrances, security interests, options and licenses;

(b) Pulmokine is the joint owner (together with Gilead) of a joint and undivided right, title and interest in and to the Pulmokine-Gilead Joint Patents on Exhibit F free and clear of all liens and other encumbrances, security interests, options and licenses and is the exclusive licensee in the Licensed Product Field of all of Gilead's joint and undivided right, title and interest in and to such Pulmokine-Gilead Joint Patents, and holds such license free and clear of all liens and other encumbrances, security interests, options and licenses;

(c) Pulmokine is the exclusive licensee in the Licensed Product Field of the Gilead Background Patents on Exhibit C, the exclusive licensee of the Biomarker Patents on Exhibit H, and holds each license for such patent rights free and clear of all liens and other encumbrances, security interests, options and licenses;

(d) [\*\*\*] the Licensed Patents set forth on Exhibit G, Exhibit H, Exhibit C, Exhibit E, and Exhibit F constitute all the patents and patent applications owned or Controlled by Pulmokine that Cover the Biomarkers, Compound, the Backup Compound and the Asthma Compounds;

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(e) Pulmokine has the right to grant the licenses and rights in the Licensed Patents it purports to grant to Licensee hereunder;

(f) During the Term, Pulmokine shall maintain the Gilead License and the RCTR License in good standing and shall not take any action, or omit to take any action (including making necessary payments), which would result in a breach or early termination of the Gilead License, the RCTR License or any rights thereunder. Pulmokine covenants that it shall not amend, modify or supplement the terms of, or waive any rights under, the Gilead License or RCTR License that would adversely impact Licensee's rights hereunder without the prior written consent of Licensee, such consent not to be unreasonably withheld, delayed or conditioned. Pulmokine shall promptly notify Licensee upon receipt by Pulmokine of any notice from Gilead or RCTR of any actual or alleged breach under the Gilead License or RCTR License, as applicable, and Pulmokine shall promptly cure any such breach within the allotted cure period and if it is unwilling or unable to do so, Pulmokine shall timely notify Licensee and Licensee shall have the right to cure such breach on Pulmokine's behalf;

(g) There are no adverse actions, suits or claims pending or, [\*\*\*], threatened against Pulmokine in any court or by or before any governmental entity with respect to the Compound, the Backup Compound, Biomarkers or Asthma Compounds or the Licensed Technology and, to the actual knowledge of Pulmokine, with the exception of certain of the Gilead Background Patents, there are no Third Party patents that would reasonably be expected to give rise to such actions, suits or claims. No Third Party has challenged the ownership, scope, duration, validity, enforceability, priority or right to use the Licensed Technology;

(h) Pulmokine has not initiated or been involved in any proceedings or claims in which it alleges that any Third Party is or was infringing or misappropriating the Licensed Technology, nor have any proceedings been threatened by Pulmokine, nor to the knowledge of Pulmokine is there any basis for any such proceeding; and

(i) With the exception of certain of the Gilead Background Patents, [\*\*\*] and notwithstanding 35 U.S.C. § 271(e) or any comparable Laws, the research, development, manufacture, use or sale of the Compound, the Backup Compound, the Asthma Compounds or the Biomarkers does not infringe or misappropriate any patent rights, know-how rights, or other intellectual property rights of any Third Party.

#### **7.7. No Implied Warranties.**

Except as expressly set forth in this Agreement, Pulmokine makes no other representation or warranty, express or implied, with respect to the subject matter hereof or the transactions contemplated hereby.

### **8. CONFIDENTIALITY OBLIGATIONS OF PULMOKINE**

#### **8.1. Confidentiality Obligations.**

Subject to Article 10, during the Term and for a period of (x) seven (7) years thereafter with respect to non-disclosure obligations and (y) three (3) years thereafter with respect to non-use obligations, Pulmokine:

(a) shall hold in strict confidence any and all information disclosed to it or its Affiliates by or on behalf of Licensee or its Affiliates or Sublicensees, whether pursuant to this Agreement or the Confidentiality Agreement, all Licensed Know-How required to be disclosed and all Regulatory Filings required to be transferred under Section 4.1, and all information and material required to be disclosed and

delivered under Section 4.6 (collectively “**Licensee Confidential Information**”) and, subject to Section 15.7(a), shall not use, nor disclose or supply to any Third Party, nor permit any Third Party to have access to Licensee Confidential Information, without first obtaining the written consent of Licensee, except in connection with the performance of its obligations and exercise of its rights under this Agreement;

(b) shall take all reasonable precautions necessary or prudent to prevent material in its possession or control that contains or refers to Licensee Confidential Information from being destroyed or lost, or discovered, received, used, intercepted or copied by any Third Party; and

(c) may disclose Licensee Confidential Information only to its employees, consultants, independent contractors, agents, Affiliates and actual or potential acquirers, in each case solely to the extent reasonably necessary for the purposes of, and for those matters undertaken pursuant to, the performance of Pulmokine’s obligations and exercise of Pulmokine’s rights under this Agreement; provided, in each case, that such employees, consultants, independent contractors, agents, Affiliates and actual or potential sources of funding and/or acquirers are bound by terms and conditions of confidentiality of a scope no less protective than the terms and conditions that bind Pulmokine hereunder.

For the avoidance of doubt, it is understood that Pulmokine shall be liable for any breach of the confidentiality obligation under this Section 8.1 by any person or corporation to whom Licensee Confidential Information is disclosed by Pulmokine.

## **8.2. Exceptions.**

Pulmokine’s obligations of confidentiality and non-use under Section 8.1 shall not apply to, and Pulmokine shall have no further obligations with respect to, any of the Licensee Confidential Information, to the extent Pulmokine can establish by competent proof that such Licensee Confidential Information:

(a) is or becomes part of the public domain without breach by Pulmokine of this Agreement;

(b) was in Pulmokine’s possession before disclosure by Licensee and was not acquired directly or indirectly from Licensee, as documented by Pulmokine’s written records;

(c) is obtained from a Third Party with no obligation of confidentiality to Licensee, who has a right to disclose it to Pulmokine;

(d) is developed independently by Pulmokine without use of or reference to the Licensee Confidential Information, as evidenced by Pulmokine’s written records; or

(e) is required to be revealed in response to a court decision or administrative order, or to comply with applicable Laws or applicable rules of any Regulatory Authority; provided that, in each such case, Pulmokine shall inform Licensee immediately by written notice and cooperate with Licensee using Commercially Reasonable Efforts either to enable Licensee to seek protective measures for such Licensee Confidential Information, or to seek confidential treatment of such Licensee Confidential Information, and in such case Pulmokine shall disclose only such portion of the Licensee Confidential Information which is so required to be disclosed.

Any combination of features or disclosures shall not be deemed to fall within the foregoing exclusions merely because individual features are published or available to the general public or in the rightful possession of Pulmokine unless the combination itself and principle of operation are published or available to the general public or in the right possession of Pulmokine.

## 9. CONFIDENTIALITY OBLIGATIONS OF LICENSEE

### 9.1. Confidentiality Obligations.

Subject to Article 10, during the Term and for a period of seven (7) years thereafter, Licensee:

(a) shall hold in strict confidence any and all information disclosed to it or its Affiliates by or on behalf of Pulmokine or its Affiliates or licensors, whether pursuant to this Agreement or the Confidentiality Agreement (collectively “**Pulmokine Confidential Information**”) and shall not use, nor disclose or supply to any Third Party, nor permit any Third Party to have access to Pulmokine Confidential Information, without first obtaining the written consent of Pulmokine, except in connection with the performance of its obligations and exercise of its rights under this Agreement;

(b) shall take all reasonable precautions necessary or prudent to prevent material in its possession or control that contains or refers to Pulmokine Confidential Information from being destroyed or lost, or discovered, received, used, intercepted or copied by any Third Party; and

(c) may disclose Pulmokine Confidential Information only to its employees, consultants, independent contractors, agents, Affiliates, actual or potential Sublicensees and actual or potential acquirers, in each case solely to the extent reasonably necessary for the purposes of, and for those matters undertaken pursuant to, the performance of Licensee’s obligations and exercise of Licensee’s rights under this Agreement; provided, in each case, that such employees, consultants, independent contractors, agents, Affiliates, Sublicensees and actual or potential acquirers are bound by terms and conditions of confidentiality of a scope no less protective than the terms and conditions that bind Licensee hereunder.

For the avoidance of doubt, it is understood that Licensee shall be liable for any breach of the confidentiality obligation under this Section 9.1 by any person or corporation to whom Pulmokine Confidential Information is disclosed by Licensee.

### 9.2. Exceptions.

Licensee’s obligations of confidentiality and non-use under Section 9.1 shall not apply to, and Licensee shall have no further obligations with respect to, any of the Pulmokine Confidential Information, to the extent that Licensee can establish by competent proof that such Pulmokine Confidential Information:

(a) is or becomes part of the public domain without breach by Licensee of this Agreement;

(b) was in Licensee’s possession before disclosure by Pulmokine to Licensee and was not acquired directly or indirectly from Pulmokine, as documented by Licensee’s written records;

(c) is obtained from a Third Party with no obligation of confidentiality to Pulmokine, who has a right to disclose it to Licensee;

(d) is developed independently by Licensee without use of or reference to the Pulmokine Confidential Information, as evidenced by Licensee’s written records; or

(e) is required to be revealed in response to a court decision or administrative order, or to comply with applicable Laws or applicable rules of any Regulatory Authority; provided that, in each such case, Licensee shall inform Pulmokine immediately by written notice and cooperate with Pulmokine using Commercially Reasonable Efforts either to enable Pulmokine to seek protective measures for such Pulmokine Confidential Information, or to seek confidential treatment of such Pulmokine Confidential

Information, and in such case Licensee shall disclose only such portion of the Pulmokine Confidential Information which is so required to be disclosed.

Any combination of features or disclosures shall not be deemed to fall within the foregoing exclusions merely because individual features are published or available to the general public or in the rightful possession of Licensee unless the combination itself and principle of operation are published or available to the general public or in the right possession of Licensee.

### **9.3. Additional Disclosure.**

Nothing herein shall prevent Licensee from disclosing any Pulmokine Confidential Information to the extent that such Pulmokine Confidential Information is required by Law to be used or disclosed for the purposes of seeking or obtaining Regulatory Approvals of Licensed Products or is necessary or useful for seeking patent protection for Licensed Patents or Licensee Inventions.

## **10. SCIENTIFIC PUBLICATIONS**

Licensee may not [\*\*\*] without the opportunity for prior review by Pulmokine, except to the extent required by Law. In the event Licensee seeks to [\*\*\*], it shall provide Pulmokine the opportunity to review and comment on any such proposed publication [\*\*\*] prior to its intended [\*\*\*] Pulmokine shall provide Licensee with its comments in writing, if any, within [\*\*\*] after receipt of such [\*\*\*]. Licensee shall consider in good faith any comments thereto provided by Pulmokine and [\*\*\*] In addition, Licensee shall delay the submission for a period up to [\*\*\*] if Pulmokine can demonstrate [\*\*\*]. If Pulmokine fails to provide its comments to Licensee within such [\*\*\*] period, Pulmokine shall be deemed to not have any comments, and Licensee may publish in accordance with this Section 10 after the [\*\*\*] period has elapsed. [\*\*\*].

Pulmokine shall not publish peer reviewed manuscripts, or give other forms of public disclosure such as abstracts and presentation, of non-public information contained in the Licensed Technology or otherwise concerning the Compound, the Backup Compound, the Asthma Compounds, the Biomarkers, or Licensed Products without the prior written consent of Licensee, [\*\*\*], and except to the extent required by Law, provided that the foregoing shall in no way preclude or otherwise limit Pulmokine's correspondence with FDA or reports to NIH concerning the ongoing Phase 1A clinical trial, as described in Pulmokine's IND 122593, until such time as IND 122593 has been transferred to Licensee or its designee, nor shall the foregoing preclude or otherwise limit Pulmokine's reporting to or correspondence with NIH concerning Pulmokine's NIH SBIR Grants (R44HL102946 for PK10571, 1R43HL135910-01A1 for biomarker and 1R43HL132709-01 for asthma) until such time that such SBIR Grants have been transferred to Licensee or its designee.

## **11. PRESS RELEASES**

### **11.1. Joint Press Release.**

Within five (5) Business Days of the Effective Date, Licensee and Pulmokine shall issue a joint press release or public announcement concerning any aspect of the development or commercialization of the Licensed Products in the Licensed Product Field in the Territory. Notwithstanding the foregoing, subject to Section 8.2(e) or 9.2(e), as applicable, either Party may issue any public announcement that such

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\*\*\* Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

Party is advised by legal counsel is required under applicable Laws, provided that such Party provides to the other Party a copy of such press release or public announcement promptly after its release thereof.

### **11.2. No Disclosure of Terms and Conditions.**

Except as set forth in Section 11.1, no press release or public announcement shall be made by either Party concerning the execution of this Agreement or the terms and conditions hereof, without the prior written consent of the other Party which shall not be unreasonably withheld. Notwithstanding the foregoing, either Party may disclose the existence of this Agreement and the terms and conditions hereof without the prior written consent of the other in connection with a due diligence process associated with any future financing by either Party or the negotiation or exploration of a possible strategic transaction involving such Party, provided that such disclosure is made in the course of such diligence, negotiation or exploration pursuant to confidentiality obligations consistent in scope with those set forth in this Agreement. Notwithstanding anything to the contrary in Article 8, if Pulmokine seeks to file with the U.S. Securities and Exchange Commission or the securities regulators of any state or other jurisdiction any disclosure document that describes or refers to the terms and conditions of this Agreement or any related agreements between the Parties, then Pulmokine shall: (a) notify Licensee of such efforts, (b) provide Licensee with a copy of the relevant portions of the proposed filing at least five (5) Business Days prior to such filing, and (c) cooperate in good faith with Licensee to obtain confidential treatment of the terms and conditions of this Agreement or such related agreements that Licensee requests to be kept confidential. No such notice shall be required under this Section 11.2 if the substance of the description of or reference to this Agreement contained in the proposed filing has been included in any previous filing made by such Party hereunder or otherwise approved by the other Party.

## **12. INDEMNIFICATION AND INSURANCE**

### **12.1. By Licensee.**

Licensee shall defend, indemnify and hold harmless Pulmokine, Gilead and their Affiliates, respective directors, officers, agents, successors, assignees and employees (the "**Pulmokine Indemnitees**") from and against any and all claims, liabilities, losses, costs, actions, suits, damages and expenses, including reasonable attorneys' fees (collectively, "**Damages**") to the extent arising from any claim, action or proceeding made or brought against Pulmokine Indemnitees by a Third Party in connection with (a) the gross negligence, recklessness or intentional wrongful acts or omissions of Licensee or its Affiliates or Sublicensees and its and their respective employees, officers, independent contractors, consultants or agents, in connection with the performance by or on behalf of Licensee of Licensee's obligations or exercise of its rights under this Agreement; (b) any breach by Licensee of any representation, warranty, covenant or obligation of Licensee set forth in this Agreement; (c) the development, commercialization manufacturing, marketing, distribution, handling, possession, promotion, sale or use of the Licensed Products or any other use of the Licensed Technology by Licensee or its Affiliates or Sublicensees; or (d) any actual or alleged death, personal bodily injury or damages to real or tangible personal property claimed to result, directly or indirectly, from the possession, use or consumption or treatment with the Licensed Products made or sold by or on behalf of Licensee, its Affiliates or Sublicensees; except in any such case to the extent such Damages are reasonably attributable to any negligence, gross negligence, recklessness or intentional wrongful acts or omissions, willful misconduct or breach of this Agreement by Pulmokine or a Pulmokine Indemnitee.

### **12.2. By Pulmokine.**

Pulmokine shall defend, indemnify and hold harmless Licensee and its Affiliates and Sublicensees and its and their respective directors, officers, agents, successors, assignees and employees

(the “**Licensee Indemnitees**”) from and against any and all Damages to the extent arising from any claim, action or proceeding made or brought against Licensee Indemnitees by a Third Party in connection with (a) the gross negligence, recklessness or intentional wrongful acts or omissions of Pulmokine, its Affiliates or its other licensees or sublicensees and its or their respective employees, officers, independent contractors, consultants or agents, in connection with the performance by or on behalf of Pulmokine of Pulmokine’s obligations or exercise of its rights under this Agreement; or (b) any breach by Pulmokine of any representation, warranty, covenant or obligation of Pulmokine set forth in this Agreement; except in any such case to the extent such Damages are reasonably attributable to any negligence, willful misconduct or breach of this Agreement by Licensee or a Licensee Indemnitee.

### **12.3. Indemnification Procedure.**

(a) Each Party shall promptly notify the other in the event it becomes aware of a claim for which indemnification may be sought pursuant to this Article 12, it being understood and agreed, however, that the failure by an Indemnified Party to give prompt notice of such a claim as provided in this Section 12.3 shall not relieve the Indemnifying Party of its indemnification obligation under this Agreement except and only to the extent that such Indemnifying Party is actually damaged as a result of such failure to give prompt notice. In case any proceeding (including any governmental investigation) shall be instituted involving any Party in respect of which indemnity may be sought pursuant to this Article 12, such Party (the “**Indemnified Party**”) shall promptly notify the other Party (the “**Indemnifying Party**”) in writing (an “**Indemnification Claim Notice**”). The Indemnifying Party and Indemnified Party shall promptly meet to discuss how to respond to any claims that are the subject matter of such Indemnification Claim Notice. The Indemnifying Party shall assume direction and control of the defense of the claim that is the subject of the Indemnification Claim Notice (including the right to settle the Claim solely for monetary consideration) using counsel reasonably satisfactory to the Indemnified Party, and shall cooperate as requested (at the expense of the Indemnifying Party) in the defense of such claim.

(b) Upon assuming the defense of a Third Party claim in accordance with this Section 12.3, the Indemnifying Party shall be entitled to appoint counsel in the defense of the Third Party claim. Should the Indemnifying Party assume and continue the defense of a Third Party claim, except as otherwise set forth in this Section 12.3, the Indemnifying Party will not be liable to the Indemnified Party for any legal expenses subsequently incurred by such Indemnified Party after the date of assumption of defense in connection with the analysis, defense, countersuit or settlement of the Third Party claim. Without limiting this Section 12.3, any Indemnified Party will be entitled to participate in, but not control, the defense of a Third Party claim for which it has sought indemnification hereunder and to engage counsel of its choice for such purpose; provided, however, that such engagement will be at the Indemnified Party’s own expense unless (i) the engagement thereof has been specifically requested by the Indemnifying Party in writing, or (ii) the Indemnifying Party has failed to assume and actively further the defense and engage counsel in accordance with this Section 12.3 (in which case the Indemnified Party will control the defense).

(c) The Indemnifying Party will have the sole right to consent to the entry of any judgment, enter into any settlement or otherwise dispose of such Damages, on such terms as the Indemnifying Party, in its reasonable discretion, will deem appropriate (provided, however, that the Indemnifying Party shall not agree to any settlement of such action, suit, proceeding or claim or consent to any judgment in respect thereof that does not include a complete and unconditional release of the Indemnified Party from all liability with respect thereto, that imposes any liability or obligation on the Indemnified Party or that acknowledges fault by the Indemnified Party or that limits the Indemnified Party’s rights under this Agreement without the prior written consent of the Indemnified Party) and will transfer to the Indemnified Party all amounts which such Indemnified Party will be liable to pay pursuant to such settlement or disposal of such claim prior to the time such payments become due by the Indemnified Party. With respect to all other Damages in connection with Third Party claims, where the Indemnifying Party has assumed the defense of the Third



Party claim in accordance with this Section 12.3, the Indemnifying Party will have authority to consent to the entry of any judgment, enter into any settlement or otherwise dispose of such Damages, provided that it obtains the prior written consent of the Indemnified Party, not to be unreasonably withheld or delayed.

(d) The Indemnifying Party that has assumed the defense of the Third Party claim in accordance with this Section 12.3 will not be liable for any settlement or other disposition of any Damages by an Indemnified Party that is reached without the written consent of such Indemnifying Party. The Indemnified Party will not admit any liability with respect to, or settle, compromise or discharge, any Third Party claim without first offering to the Indemnifying Party the opportunity to assume the defense of the Third Party claim in accordance with this Section 12.3. If the Indemnifying Party chooses to defend or prosecute any Third Party claim, the Indemnified Party will cooperate in the defense or prosecution thereof and will furnish such records, information and testimony, provide such witnesses including to the extent possible, former employees and attend such conferences, discovery proceedings, hearings, trials and appeals as may be reasonably requested in connection with such Third Party claim. Such cooperation will include access during normal business hours afforded to the Indemnifying Party to, and reasonable retention by the Indemnified Party of, records and information that are reasonably relevant to such Third Party claim, and making employees and agents available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. The Indemnifying Party will reimburse the Indemnified Party for its reasonable out-of-pocket expenses incurred in connection with such cooperation.

(e) The Indemnified Party shall take and shall procure that its Affiliates, Sublicensees, agents, directors, offices and employees take all such reasonable steps and action as are reasonably necessary or as the Indemnifying Party may reasonably require to mitigate any Third Party claim subject to indemnification in accordance with this Section 12.3. Nothing in this Agreement shall or shall be deemed to relieve the Indemnified Party of any common law or other duty to mitigate any losses incurred by it.

#### **12.4. Insurance.**

Each Party shall maintain in full force and effect during the Term and for a period of three (3) years after expiration or termination of this Agreement, worker's compensation and general liability insurance coverage and, in addition Licensee shall maintain clinical trial liability and product liability insurance coverage, all in such amounts and with such scope of coverages as are adequate to cover such Party's obligations under this Agreement and as are customary in the industry for companies of like size and activities. Upon written request, each Party shall provide evidence of such insurance to the other Party and ensure that the other Party will receive no less than thirty (30) days' notice of any cancelation, non-renewal or material change in such coverage.

#### **13. LIMITATION ON LIABILITY**

EXCEPT IN THE CASE OF A BREACH OF ARTICLE 8 OR 9 OR A PARTY'S (A) WILLFUL MISCONDUCT OR INTENTIONAL BREACH OR (B) GROSS NEGLIGENCE, AND WITHOUT LIMITING EITHER PARTY'S OBLIGATIONS UNDER ARTICLE 12 OR LIABILITY OF A PARTY FOR INFRINGEMENT OR MISAPPROPRIATION OF THE INTELLECTUAL PROPERTY RIGHTS OF THE OTHER PARTY, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR SPECIAL, INDIRECT, PUNITIVE OR CONSEQUENTIAL DAMAGES (INCLUDING DAMAGES RESULTING FROM LOSS OF USE, LOSS OF PROFITS, INTERRUPTION OR LOSS OF BUSINESS OR OTHER ECONOMIC LOSS) ARISING OUT OF THIS AGREEMENT OR WITH RESPECT TO A PARTY'S PERFORMANCE OR NON-PERFORMANCE HEREUNDER.

## 14. TERM

This Agreement shall become effective on the Effective Date and, unless terminated earlier pursuant to Article 15, shall continue in effect until the expiration of the last-to-expire Royalty Term (the “**Term**”). Upon the expiration of the last Royalty Term, the license set forth in Section 2.1 shall become perpetual, irrevocable and fully paid-up.

## 15. TERMINATION; EFFECT OF TERMINATION

### 15.1. Termination for Convenience

Notwithstanding anything contained herein to the contrary, Licensee shall have the right to terminate this Agreement with respect to [\*\*\*] on a country-by-country basis. Any termination under this Section 15.1 shall be accomplished by Licensee giving [\*\*\*] advance written notice to Pulmokine.

### 15.2. Termination for Safety or Efficacy.

Notwithstanding anything contained herein to the contrary, Licensee shall have the right to terminate this Agreement at any time in its sole discretion either in its entirety or on a Licensed Product-by-Licensed Product or a country-by-country basis in the event of potential safety or efficacy concerns affecting such Licensed Product. Any termination under this Section 15.2 shall be accomplished by Licensee giving [\*\*\*] advance written notice to Pulmokine.

### 15.3. Material Breach.

Each Party may terminate this Agreement in its entirety immediately upon written notice to the other Party if the other Party materially breaches its obligations under this Agreement and, after receiving written notice identifying such material breach in reasonable detail, fails to cure such material breach within ninety (90) days from the date of such notice; provided, however, that, in the event of any dispute of whether such breach has occurred or has been cured, such termination shall not become effective unless and until such dispute has been finally resolved in favor of the Party seeking such termination. [\*\*\*] in accordance with this Section 15.1.

### 15.4. Patent Challenge.

Pulmokine may, on thirty (30) days written notice to Licensee, terminate this Agreement if Licensee or its Affiliates or Sublicensees, individually or in association with any other person or entity, commences a legal action (except to the extent required by Law) challenging the validity or enforceability of any Licensed Patents in any court or before any governmental authority with authority to determine the validity or enforceability of a Licensed Patent (“**Patent Challenge**”). Such termination shall be effective thirty (30) days after written notice by Licensee to Pulmokine referencing this Section 15.2, unless Licensee, within such thirty (30) days, withdraws from such Patent Challenge. Notwithstanding anything to the contrary herein, Patent Challenge does not include, and termination by Pulmokine under this Section 15.4 is not permitted for any counterclaim made, filed or maintained by Licensee or its Affiliates or

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Sublicensees as defendants in any patent infringement claim, demand, lawsuit, cause of action or other action made, filed or maintained by Pulmokine or Gilead or their Affiliates and/or licensors, including where such counterclaim challenges the scope of any Licensed Patents, including without limitation any counterclaim by Licensee that the making, using, selling, offering for sale and importation of any Licensed Product is not within the scope of the Licensed Patents.

#### **15.5. Force Majeure.**

This Agreement may be terminated by the Party not affected by the event of a Force Majeure pursuant to Section 16.2.

#### **15.6. Insolvency.**

Either Party may terminate this Agreement upon written notice if the other Party is dissolved or liquidated, files or has filed against it a petition under any bankruptcy or insolvency law that is not dismissed within sixty (60) calendar days, makes an assignment for the benefit of its creditors or has a receiver or trustee appointed for all or substantially all of its property.

#### **15.7. Rights Upon Certain Termination Events.**

(a) If this Agreement terminates for any reason (other than by expiration), then all rights and Licenses under the [\*\*\*] granted by Pulmokine to Licensee pursuant to [\*\*\*] will terminate and all rights granted therein will immediately revert to Pulmokine, and Licensee shall promptly return to Pulmokine or its designee all [\*\*\*], previously delivered to Licensee in accordance with Section 4.6. Notwithstanding the foregoing, Licensee shall have the right to sell off any Licensed Products that have been manufactured or are in the process of being manufactured at the time of termination, provided that Licensee complies with all of its payment, reporting and audit obligations hereunder.

(b) If this Agreement is terminated (whether in whole or in part) [\*\*\*], then, solely with respect to that portion of the Agreement so terminated, (i) Licensee shall, and does hereby grant to Pulmokine an exclusive, fully transferrable and sublicensable, worldwide license in and to any applicable [\*\*\*] and Licensee's entire interests in and to any applicable [\*\*\*], in each case to [\*\*\*]; and (ii) Licensee shall promptly transfer and assign to Pulmokine any applicable [\*\*\*].

(c) If this Agreement is terminated (whether in whole or in part) [\*\*\*], then, solely with respect to that portion of the Agreement so terminated, Pulmokine and Licensee shall promptly negotiate in good faith the terms and conditions of an agreement for the foregoing licenses, transfers and assignments made in favor of Pulmokine.

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### **15.8. Return of Confidential Information.**

Within thirty (30) days following the expiration or termination of this Agreement, each Party shall, at the request of the other Party, (a) subject to Sections 15.7(b) or (c), deliver to the other Party, or certify the destruction of, any and all tangible Confidential Information of the other Party in such Party's possession, and (b) to the extent practicable, remove Confidential Information of the other Party from all databases and systems and, in those instances where removal is not practicable, segregate or otherwise indicate that such Confidential Information is restricted.

### **15.9. Survival.**

The rights and obligations of the Parties set forth in Articles 1, 8, 9, 12, 13, 16 and Sections 3.8, 3.9, 3.12, 3.13, 6.4, 6.5, 11.2, 15.7, 15.8, 15.9, 15.10 and 16.4 shall survive termination or expiration of this Agreement.

### **15.10. Other Remedies.**

### **15.11.**

Termination or expiration of this Agreement for any reason shall not release any Party from any liability or obligation that has accrued prior to such expiration or termination, nor affect the survival of any provision hereof to the extent it is expressly stated to survive termination. Termination or expiration of this Agreement for any reason shall not constitute a waiver or release of, or otherwise be deemed to prejudice or adversely affect, any rights, remedies or claims, whether for damages or otherwise, that a Party may have hereunder or that may arise out of or in connection with such termination or expiration.

### **15.12. Bankruptcy Code.**

All licenses granted under this Agreement will be deemed licenses of rights to intellectual property for purposes of Section 365(n) of the U.S. Bankruptcy Code and Licensee as licensee under this Agreement will retain and may fully exercise all of its rights and elections under the U.S. Bankruptcy Code.

## **16. GENERAL PROVISIONS**

### **16.1. Assignment.**

Neither Party may assign this Agreement without the consent of the other Party, except as otherwise provided in this Section 16.1. Either Party may assign this Agreement in whole or in part to any Affiliate of such Party without the consent of the other Party; provided that, such assigning Party provides the other Party with written notice of such assignment and the assignee agrees in writing to assume performance of all assigned obligations. Further, each Party may assign this Agreement, and all of its rights and obligations, without the consent of the other Party to its successor in interest by way of Change of Control; provided that, such assigning Party provides the other Party with written notice of such assignment within five (5) business days after such Change of Control. Notwithstanding anything to the contrary herein, Pulmokine shall not assign this Agreement unless such assignee also assumes Pulmokine's rights and obligations under the Gilead License and RCTR License and is assigned all of Pulmokine's rights under the Licensed Technology that is licensed to Licensee hereunder. Similarly, Pulmokine shall not assign its rights under the Licensed Technology that is licensed to Licensee hereunder to an Affiliate or Third Party without also assigning all its rights under this Agreement to such Affiliate or Third Party. The terms of this Agreement shall be binding upon and shall inure to the benefit of the successors, heirs, administrators and

permitted assigns of the Parties. Any purported assignment in violation of this Section 16.1 shall be null and void.

#### **16.2. Right to Set-Off.**

Without limiting Licensee's rights under law or in equity, Licensee may exercise a right of set-off of any and all amounts paid by Licensee pursuant to Section 2.7 as set forth therein, or paid by Licensee pursuant to Section 7.6(f) to cure a breach of the payment obligations set forth in the Gilead License and/or RCTR License by Pulmokine against any amounts payable to Pulmokine under this Agreement.

#### **16.3. Force Majeure.**

With the exception of Licensee's payment obligations hereunder, no failure or delay by either Party in the performance of any obligation hereunder shall be deemed a breach of this Agreement nor create any liability for any damages, increased costs or losses which the other Party may sustain by reason of such failure or delay of performance, if the same shall arise from any cause or causes beyond the control of that Party, such as earthquakes, storms, floods, fires, other acts of nature, epidemic, war, riot, hostility, public disturbance, cessation of transport, act of public enemies, prohibition or act by a government or public agency, strike or other labor dispute or work stoppage (collectively "**Force Majeure**"); provided, however, that the Party so prevented shall continue to take all commercially reasonable actions within its power to comply with its obligations hereunder as fully as possible and to mitigate possible damages. The Party so prevented shall without undue delay notify the other Party in writing thereof. Should the event of Force Majeure continue for more than one hundred twenty (120) consecutive calendar days, the Parties shall promptly discuss their further performance under this Agreement and whether to modify or terminate this Agreement in view of the effect of the event of Force Majeure. If no agreement can be reached within thirty (30) calendar days after expiration of such one hundred twenty (120) days, the Party not affected by the event of Force Majeure may terminate this Agreement effective immediately upon written notice to the other Party.

#### **16.4. Governing Law.**

The construction, validity and performance of this Agreement shall be governed in all respects by the laws of the State of New York, excluding its provisions regarding conflicts of law. The United Nations Convention on the International Sale of Goods shall not apply.

#### **16.5. Dispute Resolution.**

- (a) **Resolution by Senior Executives.** In the event of any dispute, claim, question or disagreement arising from or relating to this Agreement or the breach thereof ("**Dispute**"), senior executives of each Party ("**Senior Executives**") shall attempt to reach a solution satisfactory to both Parties. If the Senior Executives do not reach such solution within a period of thirty (30) days or such longer period as the Parties may mutually agree upon, then, upon notice by either Party to the other, either Party shall be free to exercise the remedies as provided in Section 16.4(b).
- (b) **Arbitration.** Any Disputes between the Parties arising under or in connection with this Agreement not resolved through the procedures set out in Section 16.4(a), shall be finally settled by arbitration, in New York, New York, before a panel of three (3) arbitrators having relevant experience in the biotech or pharmaceutical industries under the Rules of Arbitration of the International Chamber of Commerce ("**ICC Rules**"), and the ICC Rules are deemed to be

incorporated by reference to this clause. Each Party shall nominate an arbitrator, and the Party-nominated arbitrators shall agree upon the third arbitrator who will be the chair of the arbitration tribunal. If the two (2) Party-nominated arbitrators are unable to agree upon the chair within sixty (60) days, the chair shall be selected as provided in the ICC Rules. The arbitrators shall be required to: (i) follow the substantive rules of the applicable Law, (ii) require all testimony to be transcribed, and (iii) accompany their award with findings of fact and a statement of reasons for the decision. The arbitrator shall have the authority to permit discovery for no more than sixty (60) days, to the extent deemed appropriate by the arbitrator, upon reasonable request of a Party. The arbitrators shall have no power or authority to (iv) add to or detract from the written agreement of the Parties set forth herein, (v) modify or disregard any provision of this Agreement or any of the other related documents, or (vi) address or resolve any issue not submitted by the Parties. The arbitrators shall hold proceedings during a period of not longer than forty-five (45) calendar days promptly following conclusion of discovery. The arbitration award shall be binding upon the Parties and enforceable by any court of competent jurisdiction. The arbitration award may include an award as to costs including attorney fees.

- (c) **Award.** The award shall be made within four (4) months of the filing of the notice of arbitration, and the arbitrator(s) shall agree to comply with this schedule before accepting appointment. However, this time limit may be extended by agreement of the Parties or by the arbitrator(s) if necessary. Judgment on the award rendered by the arbitrator(s) may be enforced in any court having competent jurisdiction thereof.
- (d) **Attorneys' Fees and Costs.** The arbitrator(s) shall award to the prevailing Party, if any, as determined by the arbitrators, all of its attorneys' fees and costs.
- (e) **Confidentiality.** The Parties undertake to keep confidential all awards in their arbitration, together with all materials in the proceedings created for the purpose of the arbitration and all other documents produced by another party in the proceedings not otherwise in the public domain, save and to the extent that disclosure may be required of a Party by legal duty, to protect or pursue a legal right or to enforce or challenge an award in legal proceedings before a court or other judicial authority.
- (f) **Certain Disputes.** Notwithstanding the provisions of this Section 16.4, Disputes relating to intellectual property rights, including Disputes relating to the ownership, inventorship, enforceability, validity or scope of patent or other intellectual property rights, or other Disputes for which a Party wishes to seek injunctive or other equitable relief shall not be subject to the terms of this Section 16.4 and may be submitted for resolution to a court of competent jurisdiction, and without the necessity of posting a bond for such Disputes seeking injunctive or other equitable relief (each, an "**Excluded Claim**"). The Parties agree that any Dispute concerning an Excluded Claim that cannot be resolved by the Parties will be subject to the exclusive jurisdiction of the U.S. federal or New York state courts within the New York counties of New York, and the Parties hereby submit to, and waive any objection to, personal jurisdiction and venue in such courts for such purpose.

**16.6. Compliance with Laws.**

(a) Each Party will comply in all material respects with all Laws in performing its obligations and exercising its rights hereunder.

(b) Each Party shall perform its obligations under this Agreement in strict compliance with applicable provisions of the International Federal of Pharmaceutical Manufacturers & Associations Code of Practice.

(c) Each Party shall (i) comply with anti-bribery Laws, and (ii) adopt, implement and keep for the Term, adequate measures aimed at preventing the commission, even attempted, of conduct in violation of anti-bribery Laws by its Affiliates, directors, representatives, employees, collaborators and/or consultants.

**16.7. Headings.**

Headings are inserted for convenience and shall not affect the meaning or interpretation of this Agreement.

**16.8. Waiver.**

No waiver of any default hereunder by either Party or any failure to enforce any rights hereunder shall be deemed to constitute a waiver of any subsequent default with respect to the same or any other provision hereof.

**16.9. Notices.**

Any and all notices given by one Party to the other Party under this Agreement must be in writing and shall be deemed effectively given (a) upon personal delivery to the Party to be notified, (b) when sent by confirmed facsimile or electronic transmission if sent during normal business hours of the recipient, if not, then on the next Business Day, (c) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt, or (d) on the second (2<sup>nd</sup>) Business Day after the date deposited if mailed by first class mail, return receipt requested, postage prepaid. All notices shall be sent to the other Party's address as set out at the beginning of this Agreement or to the latest address of such Party as shall have been communicated to the other Party in accordance with this Section 16.8.

Notices sent to Licensee shall be directed to the attention of :

FSG Pulmo, Inc.  
17 Selborne Drive  
Piedmont, CA 94611  
Attn: General Counsel

With copy (which shall not constitute notice) to:

Latham & Watkins, LLP  
12670 High Bluff Drive  
San Diego, CA 92130  
Attn: Steven T. Chinowsky, Esq.

Telephone: 858-523-5400  
Facsimile: 858-523-5450

Notices sent to Pulmokine shall be directed to the attention of

Pulmokine, Inc.  
7 University Place, B127B  
Rensselaer NY, 12144  
Attention: Larry Zisman  
Telephone: [\*\*\*]

With copy (which shall not constitute notice) to:

Morse, Barnes-Brown & Pendleton, P.C.  
230 Third Avenue, Fourth Floor  
Waltham, MA 02451  
Telephone: 781-622-5930  
Facsimile: 781-622-5933.

**16.10. Severability.**

Whenever possible, each term and provision of this Agreement shall be interpreted in such manner as to be valid and effective under applicable Laws, but, if any term or provision of this Agreement is held to be invalid or unenforceable under applicable Laws, such term or provision shall be invalid and ineffective only to the extent of such invalidity or unenforceability, without invalidating or making unenforceable the remainder of this Agreement. In the event of such invalidity or unenforceability, the Parties shall use reasonable efforts to seek and agree on an alternative valid and enforceable provision that preserves the original purpose and intent of this Agreement.

**16.11. Entire Agreement.**

This Agreement, together with all Exhibits attached hereto, constitutes the entire agreement between the Parties and shall cancel and supersede any and all prior and contemporaneous negotiations, correspondence, understandings and agreements, whether oral or written, between the Parties respecting the subject matter hereof.

**16.12. Amendment.**

Any amendment or modification to this Agreement shall only be made in writing and shall only be valid when signed by the duly authorized representatives of the Parties.

**16.13. Counterparts.**

This Agreement may be executed in more than one (1) counterpart, each of which shall be deemed an original, but all of such counterparts taken together shall constitute one and the same agreement. The exchange of copies of this Agreement or amendments thereto and of executed signature pages by facsimile transmission or by email transmission in portable document format (.pdf), or similar format, shall constitute effective execution and delivery of such instrument(s) as to the Parties and may be used in lieu

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\*\*\* Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.



of the original Agreement or amendment for all purposes. Signatures of the Parties transmitted by facsimile or by email in portable document format (.pdf), or similar format, shall be deemed to be their original signatures for all purposes.

**16.14. Agency.**

Neither Party is, nor shall be deemed to be, an employee, agent, co-venturer or legal representative of the other Party for any purpose. Neither Party shall be entitled to enter into any contracts in the name of, or on behalf of the other Party, nor shall either Party be entitled to pledge the credit of the other Party in any way or hold itself out as having the authority to do so.

**16.15. Further Assurances.**

During the Term, Pulmokine and Licensee each will, at the request of the other Party, use reasonable efforts to (a) deliver to the other Party such records, data or other documents, consistent with the provisions of this Agreement, (b) execute, deliver or cause to be delivered, all such assignments, consents, documents or further instruments of transfer or license, and (c) take or cause to be taken all such other actions, as a Party reasonably may deem necessary or desirable in order for such Party to obtain the full benefits of this Agreement and the transactions contemplated hereby.

[Signature page follows]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed in duplicate by their respective duly authorized officers or representatives as of the Effective Date.

FSG Pulmo, Inc.  
/s/ Faheem Hasnain  
\_\_\_\_\_  
By: Faheem Hasnain, CEO

Pulmokine, Inc.  
/s/ Lawrence S. Zisman  
\_\_\_\_\_  
By: Lawrence S. Zisman, CEO

Solely with respect to FSG's obligations expressly set forth in Section 3.14:

FSG Bio, Inc.  
/s/ Faheem Hasnain  
\_\_\_\_\_  
By: Faheem Hasnain, CEO

**EXHIBIT A**

Backup Compound

[\*\*\*]

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\*\*\* Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

**EXHIBIT B**

Compound

[\*\*\*]

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# EXHIBIT C

## Gilead Background Patents

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**EXHIBIT D**

Phase 1 Clinical Trial Plan

[\*\*\*]

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\*\*\* Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

**EXHIBIT E**

Pulmokine-Controlled Patents

<u>Case Type</u>	<u>Country</u>	<u>Application Number</u>	<u>Filing Date</u>	<u>Publication No. / Patent No.</u>	<u>Pub. Date / Issue Date</u>	<u>Title</u>
***	***	***	***	***	***	***

\*\*\* Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

EXHIBIT F

Pulmokine-Gilead Joint Patents

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\*\*\* Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.



**EXHIBIT G**

Asthma Patents

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**EXHIBIT H**

Biomarker Patents

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\*\*\* Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

**EXHIBIT I**

RCTR License Terms

[\*\*\*]

5.1 (a) the RCTR reserves on behalf of the Government an irrevocable, nonexclusive, nontransferable, royalty-free license for the practice of all inventions licensed under the Licensed Patent Rights throughout the world by or on behalf of the Government

[\*\*\*]

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**CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT (INDICATED BY ASTERISKS) HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.**

## LICENSE AGREEMENT

This License Agreement (this “Agreement”), dated as of June \_\_, 2018 (the “Effective Date”), is made by and between Aerpio Pharmaceuticals, Inc., a Delaware corporation having business offices at 9987 Carver Road, Suite 420, Cincinnati, OH 45254 (“Aerpio”), and GB004, Inc., a Delaware corporation having business offices at 3013 Science Park Road, Suite 200, San Diego, CA 92121 (“Licensee”). Aerpio and Licensee are sometimes hereinafter referred to each as a “Party” and collectively as the “Parties.”

WHEREAS, Aerpio has been engaged in the development of AKB-4924, a compound that binds to HIF prolyl hydroxylase resulting in HIF stabilization, and controls certain patent rights and know-how with respect thereto;

WHEREAS, Licensee desires to obtain exclusive rights under the Aerpio Patent Rights and Aerpio Know-How in order to continue the development thereof and products containing same; and

WHEREAS, the Parties desire to enter into an agreement pursuant to which Aerpio will grant an exclusive license to Licensee under the Aerpio Patent Rights and Aerpio Know-How for Licensee to develop, manufacture and commercialize the Licensed Compound and Licensed Products for initially the indications of induction and maintenance in ulcerative colitis and the induction and maintenance in Crohn’s Disease, all on the terms set forth below.

NOW, THEREFORE, the Parties hereby agree as follows:

### Section 1. Definitions.

For the purpose of this Agreement, the following terms and phrases (and cognates) will have the meanings set forth below:

1.1 “Accounting Standards” means generally accepted accounting principles as practiced in the United States or IFRS (International Financial Reporting Standards), in each case, consistently applied.

1.2 “Aerpio In-License” means the Non-Exclusive License Agreement by and between Aerpio and The Regents of the University of Colorado (the “UC Regents”), dated November 1, 2016, as amended or restated from time to time. A copy of the Aerpio In-License is attached hereto as Exhibit F.

1.3 “Aerpio Know-How” means all Know-How, existing as of the Effective Date or disclosed by Aerpio to the Licensee during Term, Controlled by Aerpio or any of its Affiliates, that is necessary or useful for the research, manufacture, use, sale, offer for sale, importation, development or commercialization of the Licensed Compound or any Licensed Products for use in the Territory in the Field.

1.4 “Aerpio Patent Rights” means (a) the patents and patent applications listed in Exhibit A attached hereto and any other patents, patent applications and other patent rights, Controlled by Aerpio or any of its Affiliates, that Cover any Aerpio Know-How, plus (i) all divisionals, continuations, continuations-in-part thereof or any other patent rights claiming priority directly or indirectly to any of the patents or patent applications identified on Exhibit A, and (ii) all patents issuing on any of the foregoing, together with all registrations, re-issues, re-examinations, renewals, supplemental protection certificates and extensions of any of the foregoing, and all foreign counterparts thereof (under this clause (a), collectively, the “Aerpio Core Patent Rights”), (b) any other patents, patent applications and other patent rights, existing as of the Effective Date, Controlled by Aerpio or any of its Affiliates, that are necessary for the manufacture, use, sale, offer for sale or importation of the Licensed Compound or Licensed Products for use in the Territory in the Field.

**CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT (INDICATED BY ASTERISKS) HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.**

1.5 “Affiliate” of a person or entity means any other person or entity which (directly or indirectly) is controlled by, controls or is under common control with such first person or entity. For the purposes of this definition, the term “control” (including, with correlative meanings, the terms “controlled by” and “under common control with”) as used with respect to any entity means (a) in the case of a corporate entity, direct or indirect ownership of voting securities entitled to cast at least fifty percent (50%) of the votes in the election of directors or (b) in the case of a non-corporate entity, direct or indirect ownership of at least fifty percent (50%), including ownership by trusts with substantially the same beneficial interest, of the equity interests with the power to direct the management and policies of such entity, provided that if local law restricts foreign ownership, control will be established by direct or indirect ownership of the maximum ownership percentage that may, under such local law, be owned by foreign interests.

1.6 “Change of Control” means with respect to a Party, in one transaction or a series of related transactions, the merger, consolidation, reorganization, business combination, sale of all (or substantially all) of the capital stock (or other equity interests) or assets, the change in voting control (that is, when the equity or other security holders of such Party or Affiliate immediately preceding such transaction(s) hold less than fifty percent (50%) of the outstanding equity or other securities, or less than fifty percent (50%) of the outstanding voting power, respectively, of the ultimate company or entity resulting from such transaction(s) immediately after consummation thereof), liquidation or dissolution, the license, sublicense, sale, assignment or other transfer of all or substantially all of such Party’s business or assets to which this Agreement relates, or any other form of acquisition or liquidity event for such Party.

1.7 “Commercially Reasonable Efforts” means, with respect to the Licensed Compound or any Licensed Product, that level of efforts and resources commonly dedicated in the pharmaceutical industry by [\*\*\*].

1.8 “Commercialization Budget” means the budget for conducting commercialization of any Licensed Product for use in the Territory and in the Field pursuant to the Commercialization Plan during a given calendar year and [\*\*\*].

1.9 “Commercialization Plan” means the plan setting forth the activities and timelines relating to the commercialization (and related manufacturing) of any Licensed Product for use in the Territory and in the Field during a given calendar year and the [\*\*\*], including the Commercialization Budget and annual Net Sales forecasts for the Territory.

1.10 “Competitive Infringement” means any allegedly infringing activity with respect to an Aerpio Core Patent Right, which activity (i) falls within the scope then in effect of the license granted by Aerpio to Licensee in Section 5.1(a) and (ii) is reasonably expected to reduce the Net Sales of any Licensed Product then being commercialized.

1.11 “Confidential Information” means all non-public Know-How, marketing plans, strategies and customer lists, and other non-public information or material that are disclosed or provided by a Party or its Affiliates to the other Party or its Affiliates, regardless of whether any of the foregoing are marked “confidential” or “proprietary” or communicated to the other by the disclosing Party or its Affiliates in oral, written, graphic, or electronic form.

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\*\*\* Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

1.12 “Confidentiality Agreement” means that certain Bilateral Confidential and Non-Disclosure Agreement, dated August 4, 2017, by and between Aerpio and Licensee d/b/a FSG Bio Inc.

1.13 “Control” or “Controlled” means, with respect to any patent right, Know-How, or other intellectual property right, the possession (whether by ownership or license, other than by a license or sublicense granted pursuant to this Agreement) by a Party or its Affiliates of the ability to grant to the other Party a license or access as provided herein to such item, without violating the terms of any agreement or other arrangement with any Third Party or, except for the Aerpio In-License or any patents or patent applications or other intellectual property Covering Aerpio Know-How, being obligated to pay any royalties or other consideration therefor, in existence as of the time such Party or its Affiliates would first be required hereunder to grant the other Party such license or access.

1.14 “Cover”, “Covered” or “Covering” means, with respect to a particular compound, product or service and a particular issued patent or patent application, that, but for rights granted hereunder, the making, using, importing, offering for sale or selling of such product or service would infringe a Valid Claim in such patent (or patent application, as if such claim has issued).

1.15 “Development Budget” means a budget for conducting development pursuant to each Development Plan (a) during a given calendar year and [\*\*\*] and (b) an overall estimate of the budget required for obtaining a first Regulatory Approval of a first Licensed Product for the Indication of such Development Plan.

1.16 “Development Plan(s)” means, on an Indication-by-Indication basis, the plan setting forth the activities and timelines relating to the development (and related manufacturing) of the Licensed Compound and Licensed Products in all countries of the Territory for such Indication. An initial draft of each Development Plan for the each of the Initial Indications, as well as any other Indications contemplated for use in the Territory as of the Effective Date, is set forth on Exhibit B-1.

1.17 “EMA” means the European Medicines Agency and any successor agency thereto.

1.18 “European Union” or “EU” means the countries of the European Economic Area, as it is constituted on the Effective Date, and as it may be expanded from time to time after the Effective Date.

1.19 “Executive Officers” means (a) for Aerpio, the Chief Executive Officer (or a senior executive officer of Aerpio designated by the Chief Executive Officer), and (b) for Licensee, the Chief Executive Officer of Licensee. In the event that the position of any of the Executive Officers identified in this Section 1.19 no longer exists due to a corporate reorganization, corporate restructuring or the like that results in the elimination of the identified position, the applicable Executive Officer will be replaced with another executive officer with responsibilities and seniority comparable to the eliminated Executive Officer.

1.20 “FD&C Act” means the United States Federal Food, Drug and Cosmetic Act, as amended.

1.21 “FDA” means the United States Food and Drug Administration or any successor agency thereto.

1.22 “Field” means all applications.

1.23 “First Commercial Sale” means, with respect to any Licensed Product in a given country or region in the Territory, the first sale of such Licensed Product in such country or region (whether or not any pricing or reimbursement approvals or decisions have occurred); provided that sales for clinical studies purposes or compassionate or similar use will not be considered to constitute a First Commercial Sale. For clarity, First Commercial Sale will be determined on a Licensed Product-by-Licensed Product and country-by-country (or region-by-region) basis, as applicable.

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1.24 “Generic Product” means, with respect to a particular Licensed Product in a country, a generic pharmaceutical product that: (a) contains the same active ingredient as the Licensed Compound in the same chemical form as in such Licensed Product; and (b) is approved for use in such country by a Regulatory Authority through an Abbreviated New Drug Application as defined in the FD&C Act, pursuant to Article 10.1 of Directive 2001/83/EC of the European Parliament and Council of 6 November 2001, or any enabling legislation thereof, or pursuant to any similar abbreviated route of approval in any other countries in the Territory; or (c) (i) contains the same active ingredient as the Licensed Compound in such Licensed Product; and (ii) is approved for use in such country by a Regulatory Authority through a regulatory pathway referencing clinical data first submitted by Licensee or its Affiliates or Sublicensees for obtaining Regulatory Approval for such Licensed Product.

1.25 “Governmental Authority” means any United States federal, state or local or any foreign government, or political subdivision thereof, or any multinational organization or authority or any authority, agency or commission entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power, any court or tribunal (or any department, bureau or division thereof), or any governmental arbitrator or arbitral body.

1.26 “IND” means an Investigational New Drug application, clinical study application, clinical trial exemption, or similar application or submission for approval to conduct human clinical investigations filed with or submitted to a Regulatory Authority in conformance with the requirements of such Regulatory Authority.

1.27 “Indication” means an application for a label or label expansion indicating the applicable drug for an initial, expanded or additional patient population, or indicating the drug for use in combination with another treatment or drug, in each case that requires a new Pivotal Clinical Trial for Regulatory Approval for such label or label expansion. It is understood and agreed that, notwithstanding anything herein to the contrary, each of the Initial Indications will be treated as separate Indications hereunder for all purposes.

1.28 “Initial Indications” means each of the following Indications: (i) induction and maintenance in ulcerative colitis (or similar Indication solely related to inflammatory bowel disease (“IBD”)), (ii) induction and maintenance in Crohn’s Disease (or similar Indication solely related to IBD), and (iii) any other Indication for which a Development Plan is attached to this Agreement as of the Effective Date.

1.29 “Know-How” means know-how, trade secrets, chemical and biological materials, formulations, information, documents, studies, results, data and regulatory approvals, data (including from clinical studies), filings and correspondence, including biological, chemical, pharmacological, toxicological, pre-clinical, clinical and assay data, manufacturing processes and data, specifications, sourcing information, assays, and quality control and testing procedures, whether or not patented or patentable.

1.30 “Law” means any federal, state, provincial, local, international or multinational law, statute, standard, ordinance, code, rule, regulation, resolution or promulgation, or any order, writ, judgment, injunction, decree, stipulation, ruling, determination or award entered by or with any Governmental Authority, or any license, franchise, permit or similar right granted under any of the foregoing, or any similar provision having the force or effect of law.

1.31 “Licensed Compound” means the compound known as AKB-4924, as further described on Exhibit C, and any solvates (including hydrates), salts, prodrugs, metabolites, acid forms, base forms, polymorphs and crystalline forms thereof.

1.32 “Licensed Product” means any pharmaceutical product containing either (a) the Licensed Compound or (b) any other compound that is an active pharmaceutical ingredient whose composition of



matter is Covered by the Aerpio Core Patent Rights in each case ((a) and (b)), alone or with other active ingredients, and in all forms, presentations, formulations and dosage forms.

1.33 “Licensee Patent Rights” means all patents, patent applications and other patent rights, existing as of the Effective Date or arising during the Term, owned or in-licensed by Licensee or any of its Affiliates as of the Effective Date or during the Term, that have a Valid Claim directed to and Covering [\*\*\*].

1.34 “MAA” means (a) a marketing authorization application filed with (i) the EMA under the centralized EMA filing procedure or (ii) a Regulatory Authority in any country of the EU if the centralized EMA filing procedure is not used or (b) any other equivalent or related regulatory submission, in either case to gain approval to market a Licensed Product in any country in the European Union, in each case including, for clarity, amendments thereto and supplemental applications.

1.35 “Major European Country” means any of the United Kingdom, France, Germany, Italy or Spain.

1.36 “NDA” means a New Drug Application filed with the FDA (including amendments and supplements thereto) to obtain Regulatory Approval in the United States, or any corresponding applications or submissions filed with the relevant Regulatory Authorities to obtain Regulatory Approvals in any other country or region in the Territory (including any MAA).

1.37 “Net Sales” means, with respect to any Licensed Product, the gross amounts invoiced on sales of such Licensed Product by Licensee or any of its Affiliates or Sublicensees to a Third Party, less the following customary deductions, determined in accordance with the Accounting Standards, to the extent specifically and solely allocated to the sale of such Licensed Product and actually taken, paid, accrued, allowed, or included in the gross sales prices with respect to such sales:

- (a) [\*\*\*];
- (b) [\*\*\*];
- (c) [\*\*\*];
- (d) [\*\*\*];
- (e) [\*\*\*]; and
- (f) [\*\*\*].

1.38 “Patent Challenge” means any challenge to the patentability, validity or enforceability of any of the Aerpio Patent Rights (or any claim thereof), including by: (a) filing or pursuing a declaratory judgment action in which any of the Aerpio Patent Rights is alleged to be invalid or unenforceable; (b) citing prior art against any of the Aerpio Patent Rights, filing a request for or pursuing a re-examination of any of the Aerpio Patent Rights, or becoming a party to or pursuing an interference; or (c) filing or pursuing any re-examination, opposition, cancellation, nullity or other like proceedings against any of the Aerpio Patent Rights. Notwithstanding the foregoing, any of the following situations shall not be deemed to be a Patent Challenge: (i) any proceeding involving any Aerpio Patent Rights where Licensee, an Affiliate or Sublicensee has been compelled to participate in, or has been involuntarily drawn into, the proceeding by a court, patent office or third party, (ii) routine patent office prosecution where Licensee, an Affiliate or Sublicensee is prosecuting its own patent rights, and (iii) any situation where Aerpio or its Affiliates assert or file a patent infringement action against Licensee, an Affiliate or Sublicensee under any Aerpio Patent Right outside of the scope of the license grant set forth in Section 5.1(a).

1.39 “Phase 1 Clinical Trial” means a human clinical trial of a Licensed Product that would satisfy the requirements of 21 C.F.R. § 312.21(a), or a comparable clinical study prescribed by the relevant Regulatory Authority in a country other than the United States.

1.40 “Phase 2 Clinical Trial” means a human clinical trial of a Licensed Product that would satisfy the requirements of 21 C.F.R. § 312.21(b), or a comparable clinical study prescribed by the relevant Regulatory Authority in a country other than the United States.

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\*\*\* Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

1.41 “Phase 3 Clinical Trial” means a human clinical trial of a Licensed Product that would satisfy the requirements of 21 C.F.R. § 312.21(c), or a comparable clinical study prescribed by the relevant Regulatory Authority in a country other than the United States.

1.42 “Pivotal Clinical Trial” means a human clinical trial of a Licensed Product (a) intended to establish that such Licensed Product is safe and effective for its intended use and (b) intended to be sufficient for filing for a Regulatory Approval for such Licensed Product in patients having the disease or condition being studied, solely as evidenced by the acceptance for filing for a Regulatory Approval for such Licensed Product after completion of such clinical trial. For clarity, a Pivotal Clinical Trial is often referred to as a “label enabling” trial.

1.43 “Program Transaction” means a (a) Change of Control of Licensee or (b) Subsidiary/Parent Sale, excluding in each case an initial public offering of Licensee or its Affiliate, as applicable.

1.44 “Prosecute”, “Prosecution” or “Prosecuting” means with respect to any patent rights, (a) to prepare and file patent applications, including re-examinations or re-issues thereof, and represent applicants or assignees before relevant patent offices or other relevant Governmental Authorities during examination, re-examination and re-issue thereof, in appeal processes and interferences, or any equivalent proceedings or any other prosecution activities, (b) to defend all such applications against Third Party oppositions or other challenges (other than any challenges in response to an enforcement against any Competitive Infringement pursuant to Section 7.2 that are not administered by any patent office or like Governmental Authority), (c) to secure the grant of any patents arising from such patent application, (d) to maintain in force any issued patent (including through payment of any relevant maintenance fees), (e) obtain and maintain patent term extension or supplemental protection certificates or their equivalents, and (f) to make all decisions with regard to any of the foregoing activities.

1.45 “Regulatory Approval” means, with respect to a country or region in the Territory, approvals, licenses, registrations or authorizations from the relevant Regulatory Authority necessary in order to import, distribute, market or sell a pharmaceutical product (including any Licensed Product) in such country or region, but not including any pricing or reimbursement approvals or decisions.

1.46 “Regulatory Authority” means the FDA, the EMA, and any other analogous government regulatory authority or agency involved in granting approvals (including any required pricing or reimbursement approvals) for the development, manufacture or commercialization of any pharmaceutical product (including any Licensed Product) in the Territory.

1.47 “Regulatory Filing” means any documentation comprising or relating to or supporting any filing or application with any Regulatory Authority with respect to any compound or product (including the Licensed Compound or any Licensed Product), or its use or potential use in humans, including any documents submitted to any Regulatory Authority and all supporting data, including INDs and NDAs, and all correspondence with any Regulatory Authority with respect to such compound or product (including minutes of any meetings, telephone conferences or discussions with any Regulatory Authority).

1.48 “Royalty Patent Rights” means the Aerpio Patent Rights and the Licensee Patent Rights.

1.49 “Sublicensee” means any Affiliate of Licensee or any Third Party in each case that has been granted a sublicense (or an option or right of negotiation or refusal for a sublicense) by Licensee under Section 5.1(a) and in accordance with Section 5.2.

1.50 “Subsidiary/Parent Sale” means, with regard to [\*\*\*] any direct or indirect parent Affiliate of Licensee, any transaction, [\*\*\*], that would constitute a Change of Control [\*\*\*].

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1.51 “**Transaction Payments**” means all consideration in any form, including merger consideration, equity or other securities purchase price, exercise price, option purchase price, option fee, upfront, marketing, distribution, franchise, milestone, royalties or license payments, profit shares, fees, bonuses or other payments, paid (directly or indirectly) to, or for the benefit of, Licensee, its Affiliates, or equity or other security holders (or former equity or other security holders) of Licensee or any of its Affiliates from any Sublicensees or other Third Parties solely with respect to any (a) grant of license or other rights by Licensee or any of its Affiliates to the Licensed Compound or any Licensed Product, including any distribution rights or any sublicense under any of the Aerpio Patent Rights or Aerpio Know-How (other than by any Program Transaction) or (b) Program Transaction, in each case provided that to the extent that the consideration from any such transaction includes contingent payments related to future events or release of escrowed amounts, such payments and amounts shall be included as Transaction Payments only as and when such payments and amounts are received (directly or indirectly) by or on behalf of Licensee or its Affiliates or such equity or other security holders (or former equity or other security holders). Not included in Transaction Payments shall be any consideration attributable to the sale or transfer of physical assets, leases or inventory, and with respect to clause (a) (but not clause (b)) above, the following will not be treated as Transaction Payments: (i) payments to reimburse Licensee for research or development activities or for patent prosecution costs specific to any Licensed Product, and (ii) payments made for debt or securities of Licensee up to fair market value (with any premium on debt or securities included as “Transaction Payments” hereunder).

1.52 “**Territory**” means worldwide.

1.53 “**Third Party**” means any person or entity other than Licensee or Aerpio or any of their respective Affiliates.

1.54 “**Valid Claim**” means (a) a claim of an issued and unexpired patent, which claim has not been held invalid or unenforceable by a court or other government agency of competent jurisdiction from which no appeal can be or has been taken and has not been held or admitted to be invalid or unenforceable through re-examination or disclaimer, opposition procedure, nullity suit or otherwise and (b) a claim of any patent application that has been pending for fewer than seven (7) years after the earliest priority date of such patent application.

The following additional defined terms have the meanings set forth in the section indicated:

<b>Defined Term</b>	<b>Section</b>
AAA	Section 11.8(b)
Additional Third Party Licenses	Section 6.3(d)
Aerpio	Introductory Paragraph
Aerpio Core Patent Rights	Section 1.4
Aerpio Indemnitees	Section 9.5(a)
Affected Party	Section 10.4
Agreement	Introductory Paragraph
Alliance Manager	Section 2.2(f)
Bankruptcy Event	Section 10.4
Claim	Section 9.5(c)
CREATE Act	Section 7.1(e)
Disclosing Party	Section 8.1(a)
Effective Date	Introductory Paragraph
Hatch-Waxman Time Period	Section 7.2(b)
Indemnatee	Section 9.5(c)
Indemnitor	Section 9.5(c)
Issuing Party	Section 8.2(c)

<b>Defined Term</b>	<b>Section</b>
JDC	Section 2.2(a)
Licensee	Introductory Paragraph
Licensee Indemnitees	Section 9.5(b)
Losses	Section 9.5(a)
Milestone Events	Section 6.2
Milestone Payments	Section 6.2
Party	Introductory Paragraph
Receiving Party	Section 8.1(a)
Release	Section 8.2(c)
Reversion IP	Section 10.6(d)
Reviewing Party	Section 8.2(c)
Royalty Term	Section 6.3(b)
SEC	Section 1.6
Sublicense	Section 5.2(b)
Term	Section 10.1
20% Amount	Section 6.4(a)
Working Group	Section 2.2(a)

## Section 2. Development.

2.1 **General.** The JDC's overall responsibility shall be to encourage and facilitate ongoing cooperation between the Parties with respect to the development activities contemplated by this Agreement and to coordinate the development of the Licensed Products for the Indications covered by each Development Plan.

### 2.2 Joint Development Committee.

(a) *Formation; Purposes.* Within thirty (30) days after the Effective Date, Aerpio and Licensee will establish a joint development committee (the "JDC") composed of no more than three (3) representatives of each Party. The JDC will have responsibility for (i) reviewing and overseeing the overall progress of development and manufacturing activities under this Agreement with respect to Licensed Products for use in the Territory and in the Field, including oversight of the various budgets and activities, (ii) overseeing the implementation of all development operational aspects of the arrangements established by this Agreement, and (iii) forming various working group(s) (each, a "Working Group") to oversee particular projects or activities from time to time and delegating to such Working Group(s) such operational responsibilities as the JDC may determine necessary or desirable. In conducting its activities, including in the allocation of activities to the Parties under each Development Plan, the JDC will operate and make its decisions consistent with the terms of this Agreement.

(b) *Membership.* The JDC will be composed of an equal number of representatives appointed by each of Aerpio and Licensee. Each Party will have the right, but not be obligated, to appoint the same number of representatives to the various Working Groups as are appointed by the other Party; however, each Party will have collectively one vote, as set forth in Section 2.2(e)(i), regardless of the number of representatives from each Party. The Parties may from time to time change the size of the JDC. Each Party may replace JDC and any Working Group representatives at any time upon written notice to the other Party. The JDC and the various Working Groups will be co-chaired by one designated representative of each Party. The co-chairpersons of each committee and Working Group will not have any greater authority than any other representative on the committee or Working Group. The co-chairperson of Licensee will be responsible for: (a) calling meetings; (b) preparing and circulating an agenda in advance of each meeting, provided that the co-chairperson will include any agenda items proposed by either Party on such agenda; (c) ensuring that all decision-making is carried out in

accordance with the voting and dispute resolution mechanisms set forth in this Agreement; and (d) preparing and issuing minutes of each meeting within thirty (30) days thereafter. Each Party may designate the same individual as a representative on more than one committee or Working Group, and such individual may be an employee or consultant of such Party or any of its Affiliates. Each Party will be responsible for all costs and expenses incurred by it in participating in the JDC and any Working Groups.

(c) *Meetings of the JDC and Working Groups.* The JDC will hold meetings at such times as the JDC will determine, but in no event will such meetings of the JDC be held less frequently than once every six (6) months during the Term for so long as the JDC exists. Each Working Group will hold meetings at such times as the Working Group agrees, or as the JDC directs. Each of the JDC and the Working Groups may meet in person or by audio or video conference as the Parties may mutually agree. Other representatives of the Parties, their Affiliates and Third Parties involved in the development, manufacture or commercialization of the Licensed Compound and Licensed Products may attend such meetings of the JDC or Working Groups as nonvoting observers. The JDC and Working Groups may upon agreement meet on an ad hoc basis between regularly scheduled meetings in order to address and resolve time-sensitive issues within their purview that may arise from time to time. No action taken at a meeting of the JDC or any Working Group will be effective unless a representative of each Party is present or participating. Neither Party will unreasonably withhold attendance of at least one representative of such Party at any meeting of a committee or Working Group for which reasonable advance notice was provided.

(d) *JDC Specific Responsibilities.* The JDC will:

(i) review and discuss the research and development activities for the Licensed Compound and Licensed Products;

(ii) review and discuss the implementation of each Development Plan and the corresponding Development Budget;

(iii) review and discuss each Development Plan, including the corresponding Development Budget set forth therein, on an annual basis, including new Development Plans and corresponding Development Budgets, and review and discuss amendments and updates to each Development Plan and corresponding Development Budget;

(iv) review and discuss non-clinical research or development of the Licensed Compound and Licensed Products;

(v) review and discuss clinical development of the Licensed Compound and Licensed Product in all Indications subject of a Development Plan, including clinical study design, clinical study endpoints, clinical methodology and monitoring requirements; and

(vi) perform such other functions as are assigned to it in this Agreement or as are appropriate to further the purposes of this Agreement as agreed in writing by the Parties.

(e) *JDC Decision-Making.*

(i) Other than as set forth herein, in order to make any decision required of it hereunder with respect to any approval, the JDC must have present (in person, by videoconference or telephonically) at least one member of each Party. The Parties will endeavor to make decisions of the JDC by consensus.

(ii) The JDC will attempt in good faith to resolve any disputes or failure to agree by unanimous consent (with each Party having one vote). If the JDC cannot resolve such dispute or failure to agree within thirty (30) days of the matter being referred to it, such matter will be resolved pursuant to Section 11.8(a) by referral directly to a senior executive of each Party designated by such Party's Executive Officer (but not Section 11.8(b)). If such matter is not resolved pursuant to the dispute resolution process

set forth in Section 11.8(a), then Licensee will have the tie-breaking vote, provided that no decision by Licensee may be in conflict with any of the terms of this Agreement (including by amending or increasing any obligations on Aerpio or any of its Affiliates or by granting any licenses or other rights to Licensee or any of its Affiliates that, in each case, are not expressly set forth in this Agreement).

(iii) Notwithstanding anything herein to the contrary, with respect to any decision to be made by any of the JDC or the various Working Groups, each Party will exercise its voting right (including Licensee's tie-breaking vote of Section 2.2(e)(ii)) in good faith and in a manner consistent with its obligations under this Agreement, including Sections 2.4(a) and 3.1(a).

(iv) Neither the JDC nor any Working Group will have the authority to amend or modify this Agreement.

(f) *Alliance Managers*. Each Party will designate a single alliance manager for all of the activities contemplated under this Agreement ("Alliance Manager"). Such Alliance Managers will be responsible for the day-to-day worldwide coordination of the arrangements contemplated by this Agreement and will serve to facilitate communication between the Parties. Such Alliance Managers will have experience and knowledge appropriate for managers with such project management responsibilities. Each Party may change its designated Alliance Manager from time to time upon notice to the other Party.

(g) *Term*. The JDC, and any Alliance Manager relationship described in Section 2.2(f), will continue until the initial Regulatory Approval of the initial Licensed Product in the United States or a Major European Country, unless otherwise agreed by the Parties in writing, provided that Aerpio may, at its sole discretion, elect to dissolve the JDC or the Alliance Manager at any time.

(h) Notwithstanding anything to the contrary herein, Licensee may, in its sole discretion, dissolve the JDC or any Working Groups or Alliance Manager in the event of a Change of Control of Aerpio.

### 2.3 Development Plan; Amendments; Development Responsibilities.

(a) *Development Plan*. The global development of the Licensed Products, including pre-clinical development activities, will be governed on an Indication-by-Indication basis by a Development Plan, and Licensee agrees to conduct (and to cause its Affiliates and Sublicensees to conduct) all of Licensee's development activities relating to the Licensed Products in accordance with each Development Plan at Licensee's sole cost and expense. The terms of and activities set forth in each Development Plan will at all times be designed to be in compliance with all applicable Law and to be conducted in accordance with professional and ethical standards customary in the pharmaceutical industry.

(b) *Development Budget*. A Development Budget will be included in each Development Plan.

(c) *Updating and Amending Each Development Plan*.

(i) The JDC will review each Development Plan and develop updates as necessary. Upon the JDC's preliminary approval, such updates will be submitted to Licensee for its internal budgeting process with a target for final approval by the JDC. No amendments to updates to any Development Plan (including the corresponding Development Budget), nor any new Development Plan (with corresponding Development Budget), will be effective without the approval of the JDC.

(ii) Exhibit B-2 sets for the Development Budgets for the initial Development Plans set forth in Exhibit B-1, and those Development Budgets include a high-level forecast of anticipated budget amounts and associated timelines for the applicable development.

#### 2.4 Development Efforts; Manner of Performance; Reports.

(a) *Development Efforts.* Licensee will use Commercially Reasonable Efforts to develop, and seek Regulatory Approval for, Licensed Products containing the Licensed Compound for use in at least the United States, two Major European Countries, and Japan for at least one of the Initial Indications. All other development and commercialization efforts with respect to the Licensed Compound and Licensed Products shall be at the discretion of Licensee. Without limiting the generality of the foregoing, Licensee will use Commercially Reasonable Efforts to perform, or cause others to perform, each Development Plan as set forth therein (including in accordance with the applicable Development Budget and timelines set forth therein). Licensee will conduct, and will cause its Affiliates and Sublicensees to conduct (as applicable), all research and development activities in good scientific manner and in compliance with applicable Law, including Laws regarding environmental, safety and industrial hygiene, and GLP, GCP, current standards for pharmacovigilance practice, and all applicable requirements relating to the protection of human subjects.

(b) *Responsibility; Cost and Expense.* As between the Parties, Licensee will be solely responsible, at its sole cost and expense, for all research and development activities under this Agreement (including the performance of each Development Plan), and all associated manufacturing.

(c) *Development Reports.* In the event that Licensee has not received Regulatory Approval for a Licensed Product in [\*\*\*], Licensee will prepare and maintain, and will cause each of its Affiliates and Sublicensees to prepare and maintain (as applicable), reasonably complete and accurate records regarding the development activities on the Licensed Compound or Licensed Products that have been performed. Each calendar year, Licensee will provide to Aerpio a written progress report that includes information of Licensee and its Affiliates and Sublicensees regarding accrual, site initiation, progress on protocol writing, meeting requests and briefing documents, in the case of clinical or regulatory activities, and in other cases such information as is reasonably necessary to convey a reasonably comprehensive understanding of the status of the applicable research or development activity. In addition to the foregoing, Licensee will immediately provide notice to Aerpio in the event that the development of the Licensed Compound or any of the Licensed Products, or any Indications in development, is suspended or terminated, or if any significant adverse events have occurred, as defined by the applicable Regulatory Authority.

(d) *Aerpio Know-How Transfer and Technical Assistance.*

(i) *Know-How Transfer.* During the [\*\*\*] period following the Effective Date, Aerpio will endeavor to provide to Licensee all tangible embodiments of all Aerpio Know-How in its possession and Control, including one (1) electronic copy of all documents, data or other information in Aerpio's Control to the extent that such documents, data or other information describe or contain Aerpio Know-How (including any clinical studies on the Licensed Compound).

(ii) *Technical Assistance.* During the six (6) month period following the Effective Date, Aerpio will reasonably cooperate with Licensee to provide (i) up to two hundred fifty (250) hours of technical assistance without charge to Licensee (with travel and accommodation expenses to be borne by Licensee) and (ii) any additional hours of technical assistance as Licensee may reasonably request, for which Licensee will pay Aerpio a rate of [\*\*\*] dollars (also "USD") (\$[\*\*\*]) for C-level executives, [\*\*\*] U.S. dollars (\$[\*\*\*]) for VP-level employees and [\*\*\*] U.S. dollars (\$[\*\*\*]) for other employees, in each case per hour of such technical assistance and reimburse Aerpio for all out-of-pocket expenses incurred in providing such technical assistance under this clause (ii), in each case to facilitate the transfer of development efforts related to the Licensed Compound and Licensed Products. Such cooperation will

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include providing Licensee with reasonable access by teleconference or in-person at Aerpio's facilities to Aerpio personnel involved in the development of the Licensed Compound and Licensed Products to provide Licensee with a reasonable level of technical assistance and consultation in connection with the transfer of Aerpio Know-How.

(iii) Aerpio agrees that, during the Term and subject to Section 8.4, any Aerpio Know-How disclosed to or required to be disclosed to Licensee shall be treated as Licensee Confidential Information hereunder (in addition to being treated as Aerpio Confidential Information), but only to the extent any such Aerpio Know-How relates solely to the Licensed Compound and is not excepted from the confidentiality obligations pursuant to Section 8.1(b). Notwithstanding the foregoing or anything else contained herein, Licensee may publish or otherwise disclose Aerpio Know-How to the extent reasonably related to any Licensed Compound or Licensed Products.

#### 2.5 Regulatory Filings and Regulatory Approvals.

(a) *Responsibility; Cost and Expense.* As between the Parties, Licensee will solely be responsible, at its sole cost and expense, for seeking and attempting to obtain all Regulatory Approvals for the Licensed Products for use in the Territory and in the Field, including in accordance with each Development Plan.

(b) *Ownership of Regulatory Approvals.* As between the Parties, Licensee will own all Regulatory Filings and Regulatory Approval for the Licensed Products for use in the Territory and in the Field filed by Licensee or any of its Affiliates or Sublicensees.

(c) *Regulatory Cooperation.* Licensee will provide, and will cause its Affiliates and Sublicensees to provide (as applicable), Aerpio with advance drafts of any material documents or other material correspondence pertaining to Regulatory Approvals, including any proposed labeling, that is planned to be submitted to any Regulatory Authority. Aerpio may provide comments regarding such documents and other correspondence prior to their submission, which comments Licensee and its Affiliates and Sublicensees will consider in good faith. Licensee will provide, and will cause its Affiliates and Sublicensees to provide (as applicable), Aerpio with copies of all material submissions it makes to, and all material correspondence it receives from, a Regulatory Authority pertaining to a Regulatory Approval. Notices, copies of submissions and correspondence, and other materials to be given in advance as provided in this Section 2.5(c) will be provided at least [\*\*\*] in advance unless circumstances necessitate a shorter time period, and in any event not less than a reasonable time in advance under the circumstances. For clarity, during the Term, Aerpio shall have no right to, and shall not, make any regulatory filings related to the Licensed Compound or Licensed Products or otherwise interact with any Regulatory Authorities with respect to the Licensed Compound or Licensed Product, unless compelled or involuntarily required by Law.

### Section 3. Commercialization.

#### 3.1 Commercialization Efforts; Manner of Performance; Reports; Pricing; Markings.

(a) *Commercialization Efforts.* Licensee will use Commercially Reasonable Efforts to commercialize Licensed Products for use in the Territory and in the Field in those countries and for those Indications for which Regulatory Approval (and, if applicable, pricing or reimbursement approval or decision) has been obtained. Without limiting the generality of the foregoing, Licensee will use Commercially Reasonable Efforts to execute and to perform, or cause to be performed, the Commercialization Plan.

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(b) *Responsibility; Cost and Expense.* As between the Parties, Licensee will be solely responsible, at its sole cost and expense, for all commercialization activities under this Agreement (including under the Commercialization Plan), and all associated manufacturing.

(c) *Commercialization Reports.* Licensee will prepare and maintain and will cause its Affiliates and Sublicensees to prepare and maintain (as applicable), reasonably complete and accurate records regarding the commercialization activities for Licensed Products. Each calendar quarter, Licensee will provide to Aerpio a written progress report that describes commercialization activities that Licensee and its Affiliates and Sublicensees has performed or caused to be performed since the last progress report submitted.

(d) *Pricing and Reimbursement.* As between the Parties, Licensee will be responsible for and have the exclusive right to seek and obtain pricing and reimbursement approvals for the Licensed Products for use in the Territory and in the Field.

(e) *Commercialization Markings.* All promotional materials, packaging and product labeling for Licensed Products will contain to the extent not prohibited by applicable Law, the corporate name of Aerpio (in a form and manner to be provided by Aerpio), and further will indicate that the Licensed Product was in-licensed from Aerpio.

### 3.2 Commercialization Plan and Budget.

(a) *Commercialization Plan.* Licensee will develop a Commercialization Plan that sets forth the commercialization activities to be undertaken with respect to Licensed Products for use in the Territory and in the Field (which may set forth commercialization activities for use in the Territory and in the Field on a regional basis, rather than a country-by-country basis, defining the regions in a manner consistent with Licensee's internal procedures). Licensee will use Commercially Reasonable Efforts to commercialize the Licensed Compound and Licensed Products in accordance with the Commercialization Plan and this Agreement. The Commercialization Plan (including the Commercialization Budget) will be provided to Aerpio and will be updated at least annually by Licensee. The terms of and activities set forth in the Commercialization Plan will at all times be designed to be in compliance with all applicable Law and to be conducted in accordance with professional and ethical standards customary in the pharmaceutical industry.

(b) *Commercialization Budget.* The Commercialization Budget will be included in the Commercialization Plan and will be a written budget setting forth the budgeted amounts for costs with respect to activities set forth in the Commercialization Plan during the then-current calendar year and [\*\*\*], broken down by calendar quarter for the then current calendar year. The Commercialization Budget also will include a breakout of costs by functional area or category (and may set forth budgets for commercialization activities in the Territory on a regional basis, rather than a country-by-country basis, defining the regions in a manner consistent with Licensee's internal procedures).

## Section 4. Manufacturing.

Licensee will be solely responsible, at its sole cost and expense, for manufacturing and supplying the worldwide requirements for the research, development and commercialization of the Licensed Compound and Licensed Products for use in the Territory and in the Field. The manufacturing contracts of Aerpio for the Licensed Compound or Licensed Products listed on Exhibit G hereto will be assigned to Licensee within [\*\*\*] of the Effective Date. Notwithstanding the foregoing, upon request by Licensee within [\*\*\*] of the Effective Date, Aerpio shall sell to Licensee at Aerpio's cost of goods plus delivery costs some or substantially all quantities (as requested by Licensee) of the Licensed Compound or Licensed Product in its possession.

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Section 5. Licenses and Other Rights.

5.1 Exclusive License Grants.

(a) *Aerpio Patents and Aerpio Know-How.* Subject to the terms and conditions of this Agreement, Aerpio hereby grants to Licensee a non-transferable (except in accordance with Section 11.1), exclusive (even as to Aerpio), royalty- and milestone-bearing license, with the right to sublicense in accordance with Section 5.2 only, under the Aerpio Patent Rights and Aerpio Know-How, to make, have made, use, sell, offer to sell, import, develop, and commercialize the Licensed Compound and the Licensed Products, for use in the Territory and in the Field.

(b) *INDs.* Subject to the terms and conditions of this Agreement, Aerpio hereby grants to Licensee a non-transferable (except in accordance with Section 11.1), exclusive (even as to Aerpio), royalty- and milestone-bearing right of reference, with the right to grant further rights of reference only to those person or entities that have been granted a sublicense by Licensee under the license grant in Section 5.1(a) in compliance with Section 5.2, to the INDs listed on Exhibit D, solely for the Licensed Compound and Licensed Products, for use in the Territory and in the Field.

(c) *Aerpio In-License.* Subject to the terms and conditions of this Agreement and the Aerpio In-License, Aerpio hereby grants to Licensee and its Affiliates a non-transferable (except in accordance with Section 11.1), royalty- and milestone-bearing (solely as set forth in Section 6 of this Agreement) sublicense, with no right to sublicense further, under the Licensed Patents (as defined in the Aerpio In-License), of the non-exclusive rights under those Licensed Patents granted to Aerpio under the Aerpio In-License, up to but not more than the scope and term of the license granted by Aerpio to Licensee under Section 5.1(a) (and in any event not more than what was granted to Aerpio under the Aerpio In-License). At Licensee's reasonable request, Aerpio will grant to Licensee's Sublicensees a sublicense under the Aerpio In-License equivalent to the grant above, subject to this Section 5.1(c) and the remainder of this Agreement and pursuant to a mutually agreeable written agreement, without any requirements for further consideration or additional obligations. Subject to the terms and conditions of this Agreement, the foregoing sublicense by Aerpio to Licensee will be exclusive as to Aerpio but, for clarity, not the UC Regents per the Aerpio In-License, and save for the continuing right to grant sublicenses in accordance with the immediately preceding sentence. Any sublicense under the Aerpio In-License is subject to the terms of this Agreement and the Aerpio In-License (including Article 4 thereof), and further and without limitation, Section 4.3 thereof (and the provisions of the Aerpio In-License identified therein) are hereby incorporated by reference and made applicable to Licensee as a sublicensee for the benefit of the UC Regents. It is understood and agreed that Licensee and no other sublicensee of Aerpio under the Aerpio In-License will be a third party beneficiary of the Aerpio In-License. For clarity, any sub-license under Section 5.1(a) under the Aerpio In-License will be subject to the terms and conditions of the Aerpio In-License and this Section 5.1(c). Aerpio represents and warrants that Licensee will not be obligated to make any payments to UC Regents under the Aerpio In-License. Aerpio shall be liable for any and all payments that may become due to UC Regents under the Aerpio In-License with respect to Licensee's activities under this Agreement, including any activities related to the development or commercialization of Licensed Products.

(d) *Scope Clarification.* The licenses and other rights granted in this Section 5.1 and the remainder of this Agreement will not grant or create (by implication, estoppel or otherwise) any license or right under any Aerpio Patent Rights, Aerpio Know-How, INDs listed on Exhibit D, or under the Aerpio In-License, to research, develop, manufacture or commercialize, make, use, sell, offer to sell or import any molecule that is not a Licensed Compound or any other molecule Covered by the Aerpio Patent Rights (including any other therapeutically active molecule in any Licensed Product).

## 5.2 Sublicenses.

(a) Licensee may grant sublicenses (or any option or right of negotiation or refusal for a sublicense) of the license granted under Section 5.1(a) and the rights granted under Section 5.1(b) only as follows:

(i) to any Affiliate of Licensee as a Sublicensee hereunder, provided such sublicense (or any option or right of negotiation or refusal for a sublicense) only remains in effect for as long as such Sublicensee remains an Affiliate of Licensee;

(ii) to non-Affiliated Third Parties that are clinical research organizations, contract manufacturers, contract laboratory organizations, and other similar organizations that support the development and commercialization of the Licensed Compound and Licensed Products on a fee-for-service basis as Sublicensees hereunder, provided that such sublicenses (or options or rights of negotiation or refusal for a sublicense) include obligations of confidentiality and non-use of Aerpio Patent Rights, Aerpio Know-How and Confidential Information of Aerpio substantially in accordance with the terms of this Agreement; and

(iii) to other non-Affiliated Third Parties as a Sublicensee hereunder, provided that only one (1) such non-Affiliated Third Party may be a Sublicensee at any given time in any given geographic area in the Territory.

(b) Each sublicense (or any option or right of negotiation or refusal for a sublicense) granted by a Licensee to a non-Affiliated Third Party pursuant to this Section 5.2 is required to (i) be in writing; and (ii) be subject and subordinate to, and consistent with, the terms and conditions of this Agreement. Licensee will provide Aerpio with a copy of each agreement containing any such sublicense (or any option or right of negotiation or refusal for a sublicense) within thirty (30) days of execution. No sublicense (or any option or right of negotiation or refusal for a sublicense) will diminish, reduce or eliminate any obligation of Licensee under this Agreement, and Licensee will remain responsible for its obligations under this Agreement and will be responsible for the performance of the relevant Sublicensee as if such Sublicensee were "Licensee" hereunder. Each sublicense (or any option or right of negotiation or refusal for a sublicense) granted by Licensee to any rights licensed to it hereunder will, at the option of Aerpio, either be (i) assigned to Aerpio or (ii) terminate immediately upon the termination of the license under Section 5.1(a) from Aerpio to Licensee.

5.3 License Limitations. Except as expressly set forth in this Agreement, no licenses or other rights are granted or created hereunder to use any patent right, Know-How or other intellectual property rights owned or in-licensed by Aerpio or any of its Affiliates or licensors. All licenses and other rights are or will be granted only as expressly provided in this Agreement, and no other licenses or other rights is or will be created or granted hereunder by implication, estoppel or otherwise.

## 5.4 Exclusivity.

(a) During the Term, Aerpio will not (either alone or with any of its Affiliates), directly or indirectly, develop, manufacture or commercialize, or collaborate with, enable or otherwise authorize, license, sublicense, or otherwise grant any right to any Third Party, to develop, manufacture or commercialize, any compound that primarily binds to HIF prolyl hydroxylase resulting in HIF stabilization anywhere in the Territory.

(b) During the Term, Licensee will not (either alone or with any of its Affiliates), directly or indirectly, [\*\*\*], enable or otherwise authorize, license, sublicense, or otherwise grant any

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right to any Third Party, to [\*\*\*] any compound (except for Licensed Compounds and any compound contained in Licensed Products) that [\*\*\*].

Section 6. Payment.

6.1 Initial License Fee. Licensee will pay to Aerpio within five (5) days after the Effective Date a one-time payment in cash of twenty million U.S. dollars (\$20,000,000), which payment will be non-refundable and non-creditable and not subject to set-off.

6.2 Milestone Payments. As set forth in the following table, Licensee will make the following payments in cash (the "Milestone Payments") to Aerpio upon achievement of each of the milestone events set forth in the tables below (the "Milestone Events") by Licensee or its Affiliates or Sublicensees. Each Milestone Payment will be payable by Licensee to Aerpio within [\*\*\*] after the achievement of the corresponding Milestone Event with respect to the first Licensed Product in each of the first and second Initial Indications. Such payments will be non-refundable and non-creditable and not subject to set-off.

<u>"Clinical Development Milestones"</u>	
<u>"Milestone Event"</u>	<u>"Milestone Payment"</u>
Initiation (i.e., first patient, first dosing) of first Phase 2 Clinical Trial for the first Licensed Product for the first Initial Indication to achieve such milestone	\$[***]
[***]	\$[***]
[***]	\$[***]
[***]	\$[***]
[***]	\$[***]
[***]	\$[***]
[***]	\$[***]
[***]	\$[***]
[***]	\$[***]

For clarity, each Clinical Development Milestone payment is due only once regardless of the number of Licensed Products developed by Licensee.

If the first [\*\*\*] for the first Licensed Product for the first [\*\*\*] in the foregoing table is skipped [\*\*\*] then the [\*\*\*] for the first Licensed Product for the [\*\*\*] will be deemed to have been achieved upon the achievement of [\*\*\*] for the first Licensed Product [\*\*\*].

<u>"Commercial Milestones"</u>	
<u>"Milestone Event"</u>	<u>"Milestone Payment"</u>
First Commercial Sale in the United States following achievement of Regulatory Approval by the FDA for	\$[***]

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the first Licensed Product for the first Initial Indication to achieve such milestone	
First Commercial Sale in the United States following achievement of Regulatory Approval by the FDA for the first Licensed Product for the second Initial Indication to achieve such milestone	\$[***]
First Commercial Sale in a Major European Country following achievement of Regulatory Approval by the EMA for the first Licensed Product for the first Initial Indication to achieve such milestone	\$[***]
First Commercial Sale in a Major European Country following achievement of Regulatory Approval by the EMA for the first Licensed Product for the second Initial Indication to achieve such milestone	\$[***]
First Commercial Sale in Japan following achievement of Regulatory Approval in Japan for the first Licensed Product for the first Initial Indication to achieve such milestone	\$[***]
First Commercial Sale in Japan following achievement of Regulatory Approval in Japan for the first Licensed Product for the second Initial Indication to achieve such milestone	\$[***]
For clarity, each Commercial Milestone payment is due only once regardless of the number of Licensed Products developed by Licensee.	

“Sales Milestones”	
“Milestone Event”	“Milestone Payment”
First achievement of USD \$[***] of annual Net Sales of all Licensed Products in the Territory in a particular Calendar Year	\$[***]
First achievement of USD \$[***] of annual Net Sales of all Licensed Products in the Territory in a particular Calendar Year	\$[***]
First achievement of USD \$[***] of annual Net Sales of all Licensed Products in the Territory in a particular Calendar Year	\$[***]
First achievement of USD \$[***] of annual Net Sales of all Licensed Products in the Territory in a particular Calendar Year	\$[***]
For clarity, each Sales Milestone payment is due only once regardless of the number of Licensed Products commercialized by Licensee or the number of times the Sales Milestone is met.	

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### 6.3 Royalties.

(a) *Royalties.* Licensee will pay to Aerpio running royalties in cash at the graduated royalty rates specified in the following table with respect to the aggregate annual worldwide Net Sales of all Licensed Products in a calendar year:

<u>Aggregate Annual Worldwide Net Sales of All Licensed Products in a calendar year</u>	<u>Royalty Rate</u>
Portion of cumulative Calendar Year Net Sales of Licensed Products in the Territory up to and including USD \$[***]	[***]%
Portion of cumulative Calendar Year Net Sales of Licensed Products in the Territory between USD \$[***] and USD \$[***]	[***]%
Portion of cumulative Calendar Year Net Sales of Licensed Products in the Territory between USD \$[***] and USD \$[***]	[***]%
Portion of cumulative Calendar Year Net Sales of Licensed Products in the Territory exceeding USD \$[***]	[***]%

The applicable royalty rate will be calculated as provided in this Section 6.3(a) by reference to the aggregate annual worldwide Net Sales of all Licensed Products. By way of example, [\*\*\*].

(b) *Royalty Term.* The royalties due under Section 6.3(a) will be payable on Net Sales from the First Commercial Sale of a particular Licensed Product until the later of, on a country-by-country basis, (i) the date of expiration of the last-to-expire Valid Claim of any Aerpio Patent Right (including any applicable patent term extension) that Covers the manufacture, use, sale, offer for sale or importation of such Licensed Product in such country, (ii) if such Licensed Product contains AKB-4924, the date of expiration of the last-to-expire Valid Claim of any Licensee Patent Right (including any applicable patent term extension) that Covers the manufacture, use, sale, offer for sale or importation of such Licensed Product in such country, or (iii) fifteen (15) years from such First Commercial Sale of such Licensed Product in such country (the “**Royalty Term**”).

(c) *Only One Royalty.* Only one royalty will be due with respect to the sale of the same unit of Licensed Product. Only one royalty will be due hereunder on the sale of the same unit of Licensed Product even if more than one claim of the Royalty Patent Rights Covers such Licensed Product.

(d) *Anti-Stacking.* In the event that Licensee reasonably determines that it is necessary for Licensee to obtain a license to any patent rights from a Third Party to commercialize (including to make, have made, use, sell, offer for sale, have sold or import any Licensed Product for such commercialization) (“**Additional Third Party Licenses**”) and Licensee obtains such an Additional Third Party License, then Licensee may deduct from the royalty payment that would otherwise have been due to Aerpio, an amount equal to [\*\*\*] percent ([\*\*\*]%) of the royalties actually paid to such Third Party under such Additional Third Party Licenses by Licensee to commercialize (including to make, have made, use, sell, offer for sale, have sold or import for such commercialization, as applicable) such Licensed Product, provided that pursuant to this Section 6.3(d) the royalties owed by Licensee to Aerpio for a particular Licensed Product shall not be reduced to less than [\*\*\*] percent ([\*\*\*]%) of the amount otherwise owed.

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(e) *Know-How Royalty*. In countries in the Territory where a Licensed Product is not Covered by a Valid Claim of a Royalty Patent Right (*i.e.*, under clause (i) of Section 6.3(b)), Licensee shall pay royalties on Net Sales of such Licensed Products in such countries with respect to the Royalty Term at royalty rates that shall be set at [\*\*\*] percent ([\*\*\*]%) of the applicable royalty rate determined according to Section 6.3(a), *mutatis mutandis*.

(f) *Generic Competition*. In the event that, on a Licensed Product-by-Licensed Product and country-by-country basis, a Generic Product(s) is commercially available with respect to such Licensed Product in such country and the combined market share for such Generic Product(s) is [\*\*\*].

(g) *Payment Floor*. In no event will any credits, deductions or reductions permitted to be taken under this Agreement against any particular royalty payment owed to Aerpio under this Section 6.3 (including under Section 6.3(d) or 6.3(e) or 6.3(f)) act to reduce such payment by more than [\*\*\*] percent ([\*\*\*]%) (or by more than [\*\*\*] percent ([\*\*\*]%) if the reduction set forth in Section 6.3(f) is then in effect) than would otherwise be payable hereunder in absent of any such credits, deductions or reductions. Further, save for the permitted reductions pursuant to Section 6.3(d), 6.3(e), and 6.3(f), all royalties payable hereunder shall be non-refundable and non-creditable and not subject to set-off.

#### 6.4 Transaction Payments.

(a) Within [\*\*\*] before or after the signing of any transaction that will (or could) give rise to any [\*\*\*] payment in excess of [\*\*\*] Dollars (\$[\*\*\*]) (a “Qualifying Transaction”), Licensee will notify Aerpio of such Qualifying Transaction and provide Aerpio under confidentiality with (i) documentation regarding the nature and amount of any Transaction Payments, including any upfront payments, (ii) Licensee’s good faith calculation of the amount and projected payment dates of those Transaction Payments, (iii) a calculation of [\*\*\*] of the Transaction Payments (including the projected payment dates), with the only reductions allowed from such [\*\*\*] as permitted by Sections 1.51 and 6.4(d), or for taxes pursuant to Section 6.5(e), in each case if applicable (such [\*\*\*] of those Transaction Payments, the “[\*\*\*]”), (iv) the expected date of the signing of such transaction, or if the signing has already occurred, the expected closing of such transaction, and (v) notification of whether Licensee is exercising its option pursuant to Section 6.4(b).

(b) For any Qualifying Transaction, Licensee shall have the option in its sole discretion to pay Aerpio the greater of (1) [\*\*\*] Dollars (\$[\*\*\*]) or (2) the [\*\*\*] of any upfront Transaction Payment, within [\*\*\*] days after closing the Qualifying Transaction (or such earlier or later date when such upfront Transaction Payment is received (directly or indirectly) by or on behalf of Licensee, its Affiliates, or equity or other security holders (or former equity or other security holders) of Licensee or any of its Affiliates), and Aerpio will no longer be paid any amounts under Sections 6.2 and 6.3 accruing after the notification is provided to Aerpio pursuant to Section 6.4(a), subject to such Qualifying Transaction closing and (i) Licensee providing to Aerpio all of the final documentation regarding such transaction, (ii) Aerpio receiving all of the [\*\*\*] for such Qualifying Transaction (but subject to and based upon the last sentence of this Section 6.4(b)), and (iii) if applicable, the Parties compliance with Section 6.4(d). To the extent the actual upfront Transaction Payment for such transaction is less than [\*\*\*] Dollars (\$[\*\*\*]), the portion of such [\*\*\*] Dollars (\$[\*\*\*]) payment that is in excess of the [\*\*\*] of such upfront Transaction Payment shall be creditable against any future [\*\*\*] payments arising from any future Transaction Payments received (directly or indirectly) by or on behalf of Licensee, its Affiliates, or equity or other security holders (or former equity or other security holders) of Licensee or any of its Affiliates for such Qualifying Transaction. In the event that Licensee exercises

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its option under this Section 6.4(b), Licensee is obligated to pay, and will pay, to Aerpio such [\*\*\*] for such Qualifying Transaction, but only as and within [\*\*\*] of any Transaction Payments for such Qualifying Transaction actually being received (directly or indirectly) by or on behalf of Licensee or its Affiliates or such equity or other security holders (or former equity or other security holders).

(c) For any Qualifying Transaction for which Licensee does not exercise its rights pursuant to Section 6.4(b), within [\*\*\*] following the notification pursuant to Section 6.4(a), Aerpio will have the option in its sole discretion to elect by written notice to Licensee to be paid the [\*\*\*], and upon making such election, and provided that Aerpio is paid at least [\*\*\*] percent ([\*\*\*]%) of the [\*\*\*] of the upfront payment amount provided pursuant to clause 6.4(a)(i), then Aerpio's election will be irrevocable and Aerpio will no longer be paid any amounts under Sections 6.2 and 6.3 accruing after the notification is provided to Aerpio pursuant to Section 6.4(a), subject to such Qualifying Transaction closing and (i) Licensee providing to Aerpio all of the final documentation regarding such transaction and (ii) Aerpio receiving all of the [\*\*\*] for such Qualifying Transaction (but subject to and based upon the last sentence of this Section 6.4(c)), and (iii) if applicable, the Parties compliance with Section 6.4(d). In the event that Licensor exercises its option under this Section 6.4(c) to receive the applicable [\*\*\*], Licensee is obligated to pay, and will pay, to Aerpio such [\*\*\*] for such Qualifying Transaction, but only as and within [\*\*\*] of any Transaction Payments for such Qualifying Transaction actually being received (directly or indirectly) by or on behalf of Licensee or its Affiliates or such equity or other security holders (or former equity or other security holders).

(d) If Licensee is reasonably of the view that any transaction subject to Section 6.4 includes consideration attributable to any physical assets, leases or inventory, or pharmaceutical products or drug candidates in addition to consideration attributable to the Licensed Compound and Licensed Products, [\*\*\*], the portion of the consideration reasonably attributable to the Licensed Compound and Licensed Products that will be the amount of the Transaction Payment that is subject to such [\*\*\*] payment to Aerpio. If Licensee elects to exercise its option in Section 6.4(b), [\*\*\*] on the portion of the consideration reasonably attributable to the Licensed Compound and Licensed Products that will be the amount of the Transaction Payment that is subject to such [\*\*\*] payment to Aerpio [\*\*\*]. If the parties cannot agree on the [\*\*\*].

(e) Notwithstanding the foregoing in this Section 6.4, if the ultimate parent Affiliate of Licensee undergoes a Change of Control (where the reference to "Party" in such "Change of Control" definition refers to such parent entity), Licensee may by written notice to Aerpio notify Aerpio that this Section 6.4 will not apply to such Change of Control [\*\*\*].

(f) All such payments to Aerpio under this Section 6.4 will be [\*\*\*] For clarity, Aerpio shall not be entitled to receive any [\*\*\*] payments for any transaction that is not a Qualifying Transaction.

#### 6.5 Payment Terms.

(a) *Manner of Payment.* All payments to be made by Licensee hereunder will be made in United States dollars by wire transfer to such bank account as Aerpio may designate.

(b) *Reports and Royalty Payments.* Subsequent to the First Commercial Sale anywhere in the Territory and for as long as royalties are due under Section 6.3(a), Licensee will furnish to Aerpio a written report, within [\*\*\*] after the end of each calendar quarter, showing the amount of Net Sales of Licensed Products and royalty due for such calendar quarter. Royalty payments for each calendar quarter will be due at the same time as such written report for the calendar quarter. The report will include, at a minimum, the following information for the applicable calendar quarter, each listed by product and by country of sale: (i) Net Sales for such Licensed Products sold by Licensee, Affiliates

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and Sublicensees; (ii) the royalties and Milestone Payments owed to Aerpio, listed by category; and (iii) the computations for any applicable currency conversions pursuant to Section 6.5(d). All such reports will be treated as Confidential Information of Licensee.

(c) *Records and Audits.* Licensee will keep, and will cause each of its Affiliates and Sublicensees to keep (as applicable), adequate books and records of accounting for the purpose of calculating all amounts due to Aerpio hereunder. For [\*\*\*] next following the end of the calendar year to which each will pertain, such books and records of accounting (including those of Licensee's Affiliates and Sublicensees, as applicable) will be made available for inspection at reasonable times and upon reasonable notice by an independent certified accountant selected by Aerpio, and which is reasonably acceptable to Licensee, for the sole purpose of inspecting the amounts due to Aerpio under this Agreement. In no event will such inspections be conducted hereunder more frequently than once every [\*\*\*] or cover more than [\*\*\*] prior to the date of request for inspection. Such accountant must have executed and delivered to Licensee and its Affiliates and Sublicensees, as applicable, a confidentiality agreement as reasonably requested by Licensee, which will include provisions limiting such accountant's disclosure to Aerpio to only whether the royalty reports are correct or incorrect and the amount of any discrepancy. The results of such inspection, if any, will be binding on both Parties if not disputed within [\*\*\*] following receipt by the Parties of the inspection report. Any such dispute over an inspection report shall be subject to the dispute resolution procedure of Section 11.8, and no payment shall be required until the dispute is resolved. If it is determined that Licensee underpaid, Licensee shall pay to Aerpio such amount it was determined to have underpaid plus interest as provided in Section 6.5(g) within [\*\*\*] of such determination. If it is determined that Licensee overpaid, Aerpio shall pay to Licensee such amount it was determined to have been overpaid within [\*\*\*] days following such determination. Any undisputed underpayments will be paid by Licensee within [\*\*\*] days of notification of the results of such inspection. Any undisputed overpayments will be fully creditable against amounts payable in subsequent payment periods. Aerpio will pay for such inspections, except that in the event there is any upward adjustment in amounts payable for any calendar year shown by such inspection of more than the greater of (i) [\*\*\*] Dollars (\$[\*\*\*]) and (ii) [\*\*\*] percent ([\*\*\*]%) of the amount paid, Licensee will reimburse Aerpio for any reasonable out-of-pocket costs of such accountant. Any underpayments or overpayments under this Section 6.5(c) will be subject to the currency exchange provisions set forth in Section 6.5(d) as applied to the calendar quarter during which the payment obligations giving rise to such underpayment or overpayment were incurred by Licensee.

(d) *Currency Exchange.* With respect to Net Sales invoiced in United States dollars, the Net Sales and the amounts due to Aerpio hereunder will be expressed in United States dollars. With respect to Net Sales invoiced in a currency other than United States dollars, the Net Sales will be expressed in the domestic currency of the entity making the sale, together with the United States dollars equivalent, calculated using the official rate of exchange of such domestic currency as quoted in the Wall Street Journal, New York edition, for the last business day of the calendar quarter for which payment is made.

(e) *Taxes.* Aerpio shall be liable for all income and other taxes (including interest) imposed upon any payments made by Licensee to Aerpio under this Section 6 or otherwise pursuant to this Agreement. Licensee may withhold from payments due to Aerpio amounts for payment of any withholding tax that is required by Law to be paid to any taxing authority with respect to such payments. Licensee will provide Aerpio all relevant documents and correspondence, and will also provide to Aerpio any other cooperation or assistance on a reasonable basis as may be necessary to enable Aerpio to claim exemption from such withholding taxes and to receive a refund of such withholding tax or claim a foreign tax credit. Licensee will give proper evidence from time to time as to the payment of any such tax. The Parties will cooperate with each other in seeking deductions under any double taxation or other similar treaty or agreement from time to time in force. Such cooperation may include Licensee making payments from a single source in the U.S., where possible.

(f) *Blocked Payments*. In the event that, by reason of applicable Law in any country, it becomes impossible or illegal for Licensee to transfer, or have transferred on its behalf, payments owed Aerpio hereunder, Licensee will promptly notify Aerpio of the conditions preventing such transfer and such payments will be deposited in local currency in the relevant country to the credit of Aerpio in a recognized banking institution designated by Aerpio or, if none is designated by Aerpio within a period of thirty (30) days, in a recognized banking institution selected by Licensee, as the case may be, and identified in a written notice given to Aerpio.

(g) *Interest Due*. Licensee will pay Aerpio interest on any payments that are not paid on or before the date such payments are due under this Agreement at a rate of [\*\*\*] percent ([\*\*\*]%) per month or the maximum applicable legal rate, if less, calculated on the total number of days payment is delinquent.

6.6 Mutual Convenience. The royalty and other payment obligations set forth hereunder have been agreed to by the Parties for the purpose of reflecting and advancing their mutual convenience, including the ease of calculating and paying royalties and other amounts to Aerpio. Licensee hereby stipulates to the fairness and reasonableness of such royalty and other payments obligations and covenants not to allege or assert (and to require its Affiliates not to allege or assert) that any such royalty or other payments obligations are unenforceable or illegal in any way, and to include such covenant in any sublicense agreement.

## Section 7. Patent Prosecution, Infringement and Extensions.

### 7.1 Prosecution and Maintenance.

(a) *By the Parties Jointly*. Promptly after the Effective Date, Aerpio will provide Licensee with copies of the prosecution files for all patents and patent applications listed on Exhibit A. The Parties will cooperate in the Prosecution of the Aerpio Core Patent Rights, and Licensee will have final decision making authority for those Prosecution activities. Licensee will act as the lead party and the party of record with each applicable Governmental Authority, and Licensee will select counsel reasonably acceptable to Aerpio (such acceptance not to be unreasonably withheld) in the Territory for those Prosecution activities (which counsel, for clarity, will represent Licensee but not the Parties jointly). Each Party will provide to the other Party copies of any papers relating to the Prosecution of Aerpio Core Patent Rights promptly upon receipt, or reasonably in advance of their filing, for the other Party to review and comment thereon, and Licensee will consider any Aerpio's comments in good faith. Licensee and its counsel will prepare the first draft of all papers for submission. Each Party (and its counsel) will have the right to review, and all reasonable comments will be accepted on, those papers. Licensee will be solely responsible for all costs and expenses incurred in connection with those Prosecution activities. Aerpio will be responsible for any costs and expenses incurred by or on behalf of Aerpio. In Prosecuting the Aerpio Core Patent Rights, the Parties will endeavor to the extent practicable to maximize the patent term and patent protection for the Licensed Compound and Licensed Products.

(b) *By Aerpio*. In no event will any of the Aerpio Core Patent Rights fail to be filed or be permitted to lapse or be abandoned in any country, or no new patent application be filed claiming priority to a patent application with the Aerpio Core Patent Rights before such patent application's issuance, or extended, without Aerpio first being given an opportunity to assume full responsibility for the continued Prosecution of such Aerpio Core Patent Rights, unless such failure to file, lapse, abandonment or filing is jointly agreed upon by the Parties. In the event that the Parties acting jointly cannot agree on whether or not to file or continue the Prosecution of or extend a patent application or patent within the Aerpio Core Patent Rights in any country at least [\*\*\*] prior to any filing deadline or

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pending lapse or abandonment thereof, Aerpio will have the right, but not the obligation, to assume sole responsibility for the Prosecution of such patent rights, with counsel of Aerpio's own choice, by delivery by Aerpio of written notice to Licensee of its election to assume such sole responsibility. Upon Aerpio's delivery of the foregoing written notice, any such patent applications and patents will no longer be considered "Aerpio Patent Right" hereunder and will be excluded from the license granted to Licensee under Section 5.1. Aerpio will assume sole responsibility for all costs and expenses arising from the Prosecution activities of such patent applications and patents.

(c) *Patent Extensions; Orange Book Listings; Patent Certifications.*

(i) *Patent Term Extension.* If elections with respect to obtaining patent term extension or supplemental protection certificates or their equivalents in any country with respect to any Licensed Product becomes available, upon Regulatory Approval or otherwise, the Parties will discuss in good faith which issued patent to extend, and Licensee will have final decision making authority for which issued patent to extend, provided that the only patent rights owned or in-licensed by Aerpio or any of its Affiliates that may be extended by Licensee by operation of this Agreement are those Aerpio Core Patent Rights that Cover the applicable Licensed Product.

(ii) *Data Exclusivity and Orange Book Listings.* With respect to data exclusivity periods (such as those periods listed in the Orange Book (including any available pediatric extensions) or periods under national implementations of Article 10.1(a)(iii) of Directive 2001/EC/83, and all equivalents in any country), Licensee, in consultation with Aerpio, will seek and maintain all such data exclusivity periods that may be available for any of the Licensed Products. The Parties will discuss in good faith which Aerpio Patent Rights, if any, will be listed in the Orange Book or any similar patent listing in any country with respect to the Licensed Products, and Licensee will have final decision making authority for which patents will be listed.

(iii) *Notification of Patent Certification.* Each Party will notify and provide the other Party with copies of any allegations of alleged patent invalidity, unenforceability or non-infringement of an Aerpio Patent Right pursuant to a Paragraph IV Patent Certification by a Third Party filing an Abbreviated New Drug Application, an application under §505(b)(2) of the FD&C Act, or any other similar patent certification by a Third Party, and any foreign equivalent thereof. Such notification and copies will be provided within five (5) business days after a Party receives such certification, and will be sent to the other Party' address set forth in Section 11.7.

(d) *Cooperation.* Each Party will reasonably cooperate with the other Party in the Prosecution of the Aerpio Core Patent Rights. Such cooperation includes promptly executing all documents, or requiring inventors, subcontractors, employees and consultants and agents of such Party and its Affiliates, and for Licensee, Sublicensees, to execute all documents, including declarations and assignments, as reasonable and appropriate so as to enable the Prosecution of any such Aerpio Core Patent Rights in any country.

(e) *CREATE Act.* Notwithstanding anything to the contrary in this Agreement, each Party will have the right to invoke the Cooperative Research and Technology Enhancement Act of 2004, 35 U.S.C. § 103(c)(2)-(c)(3) (the "CREATE Act") when exercising its rights under this Agreement, but only with the prior written consent of the other Party. In the event that a Party intends to invoke the CREATE Act, once agreed to by the other Party as required by the preceding sentence, it will notify the other Party and the other Party will cooperate and coordinate its activities with such Party with respect to any filings or other activities in support thereof.

7.2 Enforcement.

(a) *By Licensee.* In the event that Aerpio or Licensee becomes aware of any actual or suspected Competitive Infringement of any Aerpio Core Patent Right within the scope of the license grant in Section 5.1, such Party will notify the other Party promptly, and following such notification, the

Parties will confer. Licensee will have the initial right, but will not be obligated, to bring an infringement action with respect to such Competitive Infringement at its own expense, in its own name and under its own direction and control, or settle any such action or proceeding. Aerpio will reasonably assist Licensee in any action or proceeding being prosecuted if so requested, and will be named in or join such action or proceeding if requested by Licensee, and if so requested by Licensee, Licensee will bear all of Aerpio's related legal costs and expenses. If Aerpio otherwise elects to be represented by its own legal counsel, Aerpio will bear all of Aerpio's related legal costs and expenses.

(b) *By Aerpio.* If Licensee elects not to bring any action for a Competitive Infringement described in Section 7.2(a) within [\*\*\*] after the becoming aware of such suspected Competitive Infringement, (and in all events at least [\*\*\*] before the end of the applicable Hatch-Waxman Time Period, as defined below), then Aerpio may bring such action at its own expense, in its own name and under its own direction and control, subject to the following: Licensee will reasonably assist Aerpio in any action or proceeding being defended or prosecuted if so requested, and will join such action or proceeding at its own expense if requested by Aerpio. Licensee will have the right to participate in any such action or proceeding with its own counsel at its own expense. For purposes of this Agreement, "Hatch-Waxman Time Period" means the applicable period of time during which a patent holder or licensee has the right to file an infringement suit to maintain certain rights and privileges upon receipt of Paragraph IV Patent Certification by a Third Party filing an Abbreviated New Drug Application or an application under § 505(b)(2) of the FD&C Act, or any other similar patent certification by a Third Party, or any foreign equivalent thereof.

(c) *Withdrawal.* If either Party brings an action or proceeding under this Section 7.2 and subsequently ceases to pursue or withdraws from such action or proceeding (other than by settlement), it will promptly notify the other Party and the other Party may substitute itself for the withdrawing Party under the terms of this Section 7.2.

(d) *Damages.* In the event that either Party exercises the rights conferred in this Section 7.2 and recovers any damages or other sums in such action or proceeding or in settlement thereof, such damages or other sums recovered will first be applied to all out-of-pocket costs and expenses incurred by the Parties in connection therewith (including attorney's fees), unless expressly not reimbursable hereunder. If such recovery is insufficient to cover all such costs and expenses of both Parties, the controlling Party's costs will be paid in full first before any of the other Party's costs. If after such reimbursement any funds will remain from such damages or other sums recovered, such funds will be allocated as follows: (i) to the extent such recovery reflects lost profits damages, Licensee will retain such lost profits recovery, less the amounts that would otherwise be payable to Aerpio by treating such lost profits recovery as "Net Sales" with respect to such Licensed Product; (ii) to the extent such recovery reflects reasonable royalty damages or other payments and Licensee is the controlling Party, [\*\*\*]; and (iii) to the extent such recovery reflects reasonable royalty damages or other recoveries and Aerpio is the controlling Party, [\*\*\*].

(e) *Settlement of Litigation.* No settlement, consent judgment or other final disposition of an action for infringement or validity or misappropriation may be entered into as to any Aerpio Core Patent Rights without the prior written consent of Licensee, which consent shall not be unreasonably withheld.

7.3 Patent Marking. Licensee will mark, and will cause all of its Affiliates and Sublicensees to mark, Licensed Products with all Aerpio Patent Rights in accordance with applicable Law, which marking obligation will continue for as long as required under applicable Law.

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Section 8. Confidential Information and Publicity.

8.1 Confidentiality.

(a) *Confidential Information.* Except as expressly provided herein, each of the Parties agrees that, for itself and its Affiliates, and during the Term and for a period of ten (10) years thereafter, a Party and its Affiliates (the “Receiving Party”) receiving Confidential Information of the other Party or its Affiliates (the “Disclosing Party”) will (i) not disclose such Confidential Information to any Third Party without the prior written consent of the Disclosing Party, except for disclosures expressly permitted below, and (ii) not use such Confidential Information for any purpose except those licensed or otherwise authorized or permitted by this Agreement.

(b) *Exceptions.* The obligations in Section 8.1(a) will not apply with respect to any portion of the Confidential Information that the Receiving Party can show by competent proof:

(i) is publicly disclosed by the Disclosing Party, either before or after it is disclosed to the Receiving Party hereunder;

(ii) was known to the Receiving Party or any of its Affiliates, without any obligation to keep it confidential or any restriction on its use, prior to disclosure by the Disclosing Party;

(iii) is subsequently disclosed to the Receiving Party or any of its Affiliates by a Third Party lawfully in possession thereof and without any obligation to keep it confidential or any restriction on its use;

(iv) is published by a Third Party or otherwise becomes publicly available or enters the public domain, either before or after it is disclosed to the Receiving Party; or

(v) has been independently developed by employees or contractors of the Receiving Party or any of its Affiliates without the aid, application or use of Confidential Information of the Disclosing Party.

(c) *Authorized Disclosures.* The Receiving Party may disclose Confidential Information belonging to the Disclosing Party to the extent (and only to the extent) such disclosure is reasonably necessary in the following instances:

(i) subject to Section 8.2 (including the exceptions provided therein), by either Party in order to comply with applicable Law (including any securities Laws or regulation or rules of a securities exchange) or with a legal or administrative proceeding;

(ii) by either Party, in connection with prosecuting or defending litigation, making regulatory filings, and Prosecuting Aerpio Core Patent Rights in accordance with Section 7;

(iii) by Licensee, to its Affiliates, potential and future Sublicensees, permitted acquirers or assignees under Section 11.1, subcontractors, investment bankers, investors, lenders, and each of Licensee’s and its Affiliates’ respective directors, employees, contractors and agents; and

(iv) by Aerpio to its Affiliates, permitted acquirers or assignees under Section 11.1, subcontractors, investment bankers, investors (including royalty purchasers), lenders, and each of Aerpio’s and its Affiliates’ respective directors, employees, contractors and agents,

provided that (A) with respect to Section 8.1(c)(i) or 8.1(c)(ii), where reasonably possible, the Receiving Party will notify the Disclosing Party of the Receiving Party’s intent to make any disclosure pursuant thereto sufficiently prior to making such disclosure so as to allow the Disclosing Party adequate time to take whatever action it may deem appropriate to protect the confidentiality of the information to be disclosed, and (B) with respect to Sections 8.1(c)(iii) and 8.1(c)(iv), each of those named people and entities must be bound prior to disclosure by confidentiality and non-use restrictions at least as restrictive as those contained in this Section 8 (other than investment bankers, investors and lenders, who must be bound prior

to disclosure by commercially reasonable obligations of confidentiality). Further, with respect to Section 8.1(c)(i), in the event either Party intends to make a disclosure pursuant thereto, the other Party will have a reasonable time period to review and comment on the proposed disclosure or filing that relates to this Agreement (including the right to request redaction of material terms to the extent permitted by any applicable Law), and the Party intending to make such disclosure will consider in good faith any reasonable comments thereon provided by the other Party.

#### 8.2 Terms of this Agreement; Publicity.

(a) *Terms of this Agreement.* The Parties agree that the terms of this Agreement will be treated as Confidential Information of both Parties, and thus may be disclosed only as permitted by this Section 8.

(b) *Restrictions.* Except as otherwise contemplated by this Section 8, neither Party to this Agreement will originate any publicity, news release or other public announcement, written or oral, relating to this Agreement, the transactions contemplated hereby or the terms hereof, or the existence of any arrangement between the Parties, without the prior written consent of the other Party, whether named in such publicity, news release or other public announcement or not, except as required by applicable Law.

(c) *Review.* In the event either Party (the "Issuing Party") desires to issue any publicity, new release or other public announcement relating to this Agreement or the transactions contemplated hereby or the terms hereof, the Issuing Party will provide the other Party (the "Reviewing Party") with a copy of the proposed release, announcement or statement (the "Release"). The Issuing Party will specify with each such Release, taking into account the urgency of the matter being disclosed, a reasonable period of time within which the Reviewing Party may provide any comments on such Release and if the Receiving Party fails to provide any comments during the response period called for by the Issuing Party, the Reviewing Party will be deemed to have consented to the issuance of such Release; provided, however, that as it relates to the disclosure of the results of any clinical trial conducted by Licensee or any health or safety matter related to a Licensed Product, each Party acknowledges that announcements may need to be made on extremely short notice, and although a Party will endeavor to provide the other Party adequate time for such a review, such Party will be free to make necessary public disclosures as promptly as it deems necessary and appropriate. If the Reviewing Party provides any comments, the Parties will consult on such Release and work in good faith to prepare a mutually acceptable Release. If the Reviewing Party does not provide its consent, not to be unreasonably withheld, to the issuance of the Release, the Issuing Party will not issue the Release except as required by Law (including to comply with any securities Laws or regulation or rules of a securities exchange) or as otherwise expressly set forth herein. Each Party acknowledges and agrees that the other Party may submit this Agreement to the SEC and if a Party does submit this Agreement to the SEC, such Party agrees to consult with the other Party with respect to the preparation and submission of, a confidential treatment request for this Agreement. Licensee acknowledges that Aerpio is a publicly traded company and, as such, is legally obligated to make timely disclosures of all material events relating to its business, and will be required to file this Agreement with the SEC. If a Party is required by Law to make a disclosure of the terms of this Agreement in a filing with or other submission to the SEC, and it is understood and agreed that Aerpio will need to make such public filing with the SEC, (i) such Party has provided copies of the disclosure to the other Party reasonably in advance to the extent practicable under the circumstances, (ii) such Party has promptly notified the other Party in writing of such requirement and any respective timing constraints, and (iii) such Party has given the other Party a reasonable time under the circumstances from the date of notice by such Party of the required disclosure to comment upon, request confidential treatment or approve such disclosure, then such Party will have the right to make such public disclosure at the time and in the manner reasonably determined by its counsel to be required by Law. Notwithstanding anything to the contrary herein, it is hereby understood and agreed that if a Party seeking to make a disclosure to the SEC as set forth in this Section 8.2, and the other Party

provides comments within the respective time periods or constraints specified herein or within the respective notice, the Party seeking to make such disclosure or its counsel, as the case may be, will in good faith (A) consider incorporating such comments and (B) use reasonable efforts to incorporate such comments, limit disclosure or obtain confidential treatment to the extent reasonably requested by the other Party.

(d) *Press Release Regarding Execution of the Agreement.* The Parties agree to issue the joint press release in Exhibit E promptly following the Effective Date.

8.3 Relationship to the Confidentiality Agreement. This Agreement supersedes the Confidentiality Agreement, provided that all "Confidential Information" disclosed or received by the Parties thereunder will be deemed "Confidential Information" hereunder and will be subject to the terms and conditions of this Agreement.

8.4 Publications. In order to protect its investment hereunder, Licensee may elect to maintain the confidentiality of its Confidential Information, and may request that Aerpio maintain the confidentiality of the Aerpio Know-How that relates primarily to the Licensed Compound and Licensed Products, until applications for patent rights have been filed with respect thereto. Accordingly, Aerpio shall not, and shall cause each of its Affiliates not to, make any publications or public disclosures regarding any Licensee Confidential Information, or Aerpio Know-How that relates primarily to the Licensed Compound or Licensed Products, without Licensee's prior written consent, for, in the case of Aerpio Know-How, up to [\*\*\*] from Licensee first being notified of any such proposed publication or public disclosure, and in all events subject to any disclosure required by applicable Law.

8.5 Clinical Trials. For clarity, Licensee shall have the right to publish the results or summaries of results of any clinical trials conducted with respect to a Licensed Product in its sole discretion and without needing the consent of Aerpio.

8.6 Remedies. Each Party shall be entitled to seek, in addition to any other right or remedy it may have, at law or in equity, a temporary injunction, without the posting of any bond or other security, enjoining or restraining the other Party from any violation or threatened violation of this Section 8.

#### Section 9. Warranties; Limitations of Liability; Indemnification.

9.1 Aerpio Representations and Warranties. Except as set forth on Schedule 9.1, Aerpio represents and warrants to Licensee that as of the Effective Date:

(a) Aerpio is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is organized, and it has full right and authority to enter into this Agreement and to grant the licenses and other rights to Licensee as herein described.

(b) This Agreement has been duly authorized by all requisite corporate action, and when executed and delivered will become a valid and binding contract of Aerpio enforceable against Aerpio in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other Law affecting creditors' rights generally from time to time in effect, and to general principles of equity.

(c) The execution, delivery and performance of this Agreement does not conflict with any other agreement, contract, instrument or understanding, oral or written, to which Aerpio is a party, or by which it is bound, nor will it violate any applicable Law.

(d) All necessary consents, approvals and authorizations of all Governmental Authorities and other persons or entities required to be obtained by Aerpio in connection with the

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\*\*\* Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

execution and delivery of this Agreement and the performance of its obligations hereunder have been obtained.

(e) There is no litigation, proceeding or investigation pending or threatened against or involving Aerpio in any court or before any agency or regulatory body which could adversely affect Aerpio's ability or right to enter into this Agreement.

(f) Neither Aerpio, nor to the knowledge of Aerpio any of its employees, independent contractors or consultants or agents or officers: (i) has ever been debarred or is subject to debarment or convicted of a crime for which a person could be debarred before a Regulatory Authority under applicable Laws, or (ii) has ever been under indictment for a crime for which a person could be debarred under such Laws.

(g) Aerpio is the sole and exclusive owner of the entire right, title and interest in and to the Aerpio Core Patent Rights and the Aerpio Know-How free and clear of all liens and other encumbrances, security interests, options and licenses.

(h) Aerpio is the non-exclusive licensee of the Aerpio In-License, and holds such license for such patent rights free and clear of all liens and other encumbrances, security interests, options and licenses. The Aerpio In-License is in full force and effect and neither Aerpio nor, to the knowledge of Aerpio, UC Regents is in breach of the Aerpio In-License, and neither party to that agreement has accused the other party of being in breach of Aerpio In-License.

(i) The Aerpio Patent Rights and the Licensed Patents (as defined in the In-License Agreement) constitute all the patents and patent applications owned or Controlled by Aerpio that Cover (or could Cover upon issuance of the patent application) the Licensed Compound.

(j) Aerpio has the right to grant the licenses and rights in the Aerpio Patent Rights and grant the sublicense in the Licensed Patents (as defined in the In-License Agreement) it purports to grant to Licensee hereunder.

(k) During the Term, Aerpio shall maintain the Aerpio In-License in good standing and shall not take any action, or omit to take any action (including making necessary payments), which would result in a breach or early termination of the Aerpio In-License or any rights thereunder. Aerpio covenants that it shall not amend, modify or supplement the terms of, or waive any rights under, the Aerpio In-License that would adversely impact Licensee's rights hereunder without the prior written consent of Licensee, such consent not to be unreasonably withheld, delayed or conditioned. Aerpio shall promptly notify Licensee upon receipt by Aerpio of any notice from UC Regents of any actual or alleged breach under the Aerpio In-License and Aerpio shall endeavor to cure any such breach within the allotted cure period and if it is unwilling or unable to do so, Aerpio shall timely notify Licensee and Licensee shall have the right to cure such breach on Aerpio's behalf.

(l) There are no adverse actions, suits or claims pending or, to the knowledge of Aerpio, threatened against Aerpio in any court or by or before any governmental entity with respect to the Licensed Compound, the Aerpio Patent Rights, or the Aerpio Know-How and, to the knowledge of Aerpio, there are no Third Party patents that would reasonably be expected to give rise to such actions, suits or claims. No Third Party has challenged the ownership, inventorship, scope, duration, validity, enforceability, priority or right to use the Licensed Compound, the Aerpio Patent Rights, or the Aerpio Know-How (other than in connection with routine patent office prosecution), and, to the knowledge of Aerpio, there is no basis for any such challenge.

(m) Except for the matter with UC Regents that resulted in the Aerpio In-License, Aerpio has not initiated or been involved in any proceedings or claims in which it alleges that any Third Party is or was infringing or misappropriating the Aerpio Patent Rights or Aerpio Know-How, nor have



any proceedings been threatened by Aerpio, nor, to the knowledge of Aerpio, is there any basis for any such proceeding.

(n) To the knowledge of Aerpio and notwithstanding 35 U.S.C. § 271(e) or any comparable Laws, the research, development, manufacture, use or sale of the Licensed Compound does not infringe or misappropriate any patent rights, know-how rights, or other intellectual property rights of any Third Party.

(o) Aerpio has provided to Licensee complete and accurate copies of each of the manufacturing agreements listed on Exhibit G.

For purposes of this Agreement, "to the knowledge of Aerpio" (and like phrases) will mean the actual knowledge as of the Effective Date of the individuals listed on Schedule 9.1(a), with no duty of inquiry other than inquiry of (i) Aerpio's current officers, directors, employees, consultants and legal counsel and (ii) the individuals listed on Schedule 9.1(b).

9.2 Licensee Representations and Warranties. Licensee represents and warrants to Aerpio that as of the Effective Date:

(a) Licensee is duly organized, validly existing and in good standing under the laws of jurisdiction in which it is organized, and it has full right and authority to enter into this Agreement and to accept the rights and licenses granted as herein described.

(b) This Agreement has been duly authorized by all requisite corporate action, and when executed and delivered will become a valid and binding contract of Licensee enforceable against Licensee in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other Law affecting creditors' rights generally from time to time in effect, and to general principles of equity.

(c) The execution, delivery and performance of this Agreement does not conflict with any other agreement, contract, instrument or understanding, oral or written, to which Licensee is a party, or by which it is bound, nor will it violate any applicable Law.

(d) All necessary consents, approvals and authorizations of all Governmental Authorities and other persons or entities required to be obtained by Licensee in connection with the execution and delivery of this Agreement and the performance of its obligations hereunder have been obtained.

9.3 Disclaimer. EXCEPT AS EXPRESSLY SET FORTH HEREIN, NEITHER AERPIO NOR LICENSEE MAKES ANY REPRESENTATION OR WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO ANY AERPIO PATENT RIGHTS, AERPIO KNOW-HOW, PATENT RIGHTS LICENSED TO AERPIO UNDER THE AERPIO IN-LICENSE, INDs LISTED ON EXHIBIT D, THE LICENSED COMPOUND, OR ANY LICENSED PRODUCTS, INCLUDING ANY WARRANTIES OF VALIDITY OR ENFORCEABILITY OF ANY PATENTS, TITLE, QUALITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, PERFORMANCE OR NONINFRINGEMENT OF ANY THIRD PARTY PATENTS OR OTHER INTELLECTUAL PROPERTY RIGHTS.

9.4 Performance by Affiliates and Subcontractors. Each Party will have the right to utilize the services of its Affiliates or Third Party subcontractors in connection with the performance of the activities for which it is responsible under the Development Plan or the Commercialization Plan; provided, however, that such Party will remain responsible under this Agreement for the performance and compliance of such Affiliates and Third Party subcontractors and will, if required, grant sublicenses to them in compliance with the terms of this Agreement. The Party utilizing such subcontractors also will ensure that such Affiliate or Third Party is subject to obligations protecting and limiting use and disclosure of Confidential Information,

the Licensed Compound, Licensed Products, patent rights and Know-How at least to the same extent as set forth under this Agreement.

#### 9.5 Indemnification.

(a) *Licensee Indemnity*. Licensee hereby agrees to indemnify, defend and hold Aerpio and its Affiliates, and their respective employees, directors, agents and consultants, and their respective successors, heirs and assigns and representatives (“Aerpio Indemnitees”) harmless from and against all claims, liability, threatened claims, damages, expenses (including reasonable attorneys’ fees), suits, proceedings, losses or judgments, whether for money or equitable relief, of any kind, including but not limited to death, personal injury, illness, product liability or property damage or the failure to comply with applicable Law (collectively, “Losses”), arising from any Third Party claim due to (i) the research, development, commercialization (including promotion, advertising, offering for sale, sale or other disposition), transfer, importation or exportation, manufacture, labeling, handling or storage, or use of, or exposure to, the Licensed Compound or any Licensed Products by or for Licensee or any of its Affiliates, Sublicensees, subcontractors, agents and consultants; or (ii) Licensee’s (or its Affiliates’ and Sublicensees’) use or practice of Aerpio Patent Rights and Aerpio Know-How; or (iii) any material breach of any obligation, representation or warranty of Licensee hereunder; or (iv) Licensee’s (or its Affiliates’ and Sublicensees’) gross negligence, recklessness or willful misconduct, except, in each case, to the extent that such Losses arise from (A) infringement or misappropriation of patent or other intellectual property rights or know-how by any Aerpio Indemnitees, (B) the gross negligence, recklessness or willful misconduct of any Aerpio Indemnitees, or (C) any material breach of any obligation, representation or warranty of Aerpio hereunder.

(b) *Aerpio Indemnity*. Aerpio hereby agrees to indemnify, defend and hold Licensee and its Affiliates, and their respective employees, directors, agents and consultants, and their respective successors, heirs and assigns and representatives (“Licensee Indemnitees”) harmless from and against all Losses arising from any Third Party claim due to (i) the research, development, transfer, importation or exportation, manufacture, labeling, handling or storage, or use of, or exposure to, the Licensed Compound or any Licensed Products by or for Aerpio or any of its Affiliates, Sublicensees, subcontractors, agents and consultants before, during, or after the Term; or (ii) Aerpio’s (or its Affiliates’ and Sublicensees’) use or practice of Aerpio Patent Rights and Aerpio Know-How; or (iii) any material breach of any obligation, representation or warranty of Aerpio hereunder; or (iv) Aerpio’s (or its Affiliates’ and licensees’) gross negligence, recklessness or willful misconduct, except, in each case, to the extent that such Losses arise from (A) infringement or misappropriation of patent or other intellectual property rights or know-how by any Licensee Indemnitees, (B) the gross negligence, recklessness or willful misconduct of any Licensee Indemnitees, or (C) any material breach of any obligation, representation or warranty of Licensee hereunder.

(c) *Indemnification Procedure*. A claim to which indemnification applies under Section 9.5(a) or Section 9.5(b) will be referred to herein as a “Claim”. If any person or entity (each, an “Indemnitee”) intends to claim indemnification under this Section 9.5, the Indemnitee will notify the other Party (the “Indemnitor”) in writing promptly upon becoming aware of any claim that may be a Claim (it being understood and agreed, however, that the failure by an Indemnitee to give such notice will not relieve the Indemnitor of its indemnification obligation under this Agreement except and only to the extent that the Indemnitor is actually prejudiced as a result of such failure to give notice). The Indemnitor will have the right to assume and control the defense of such Claim at its own expense with counsel selected by the Indemnitor and reasonably acceptable to the Indemnitee; provided however that an Indemnitee will have the right to retain its own counsel, with the fees and expenses to be paid by the Indemnitee, if representation of such Indemnitee by the counsel retained by the Indemnitor would be inappropriate due to actual or potential differing interests between such Indemnitee and any other Party represented by such counsel in such proceedings. If the Indemnitor does not assume the defense of such Claim as aforesaid, the Indemnitee may defend such Claim but will have no obligation to do so. The

Indemnitee will not settle or compromise any Claim without the prior written consent of the Indemnitor, and the Indemnitor will not settle or compromise any Claim in any manner which would have an adverse effect on the Indemnitee's interests, without the prior written consent of the Indemnitee, which consent, in each case, will not be unreasonably withheld. The Indemnitee will reasonably cooperate with the Indemnitor at the Indemnitor's expense and will make available to the Indemnitor all pertinent information under the control of the Indemnitee, which information will be subject to Section 8.

9.6 Insurance. Each Party shall maintain in full force and effect during the Term and for a period of [\*\*\*] after expiration or termination of this Agreement, worker's compensation and general liability insurance coverage all in such amounts and with such scope of coverages as are customary in the industry for companies of like size and activities, and, in addition, Licensee shall maintain clinical trial liability and product liability insurance coverage in amounts no less than: (a) clinical trials coverage in a minimum amount of \$[\*\*\*] combined single limit per occurrence and in the aggregate and (b) product liability coverage, in a minimum amount of \$[\*\*\*] combined single limit per occurrence and in the aggregate. The policies of insurance required by this Section 9.6 will be issued by an insurance carrier with an A.M. Best rating of "A" or better. Licensee will name Aerpio as an additional insured under such policies. Upon written request, each Party shall provide evidence of such insurance to the other Party and ensure that the other Party will receive no less than thirty (30) days' notice of any cancellation, non-renewal or material change in such coverage. The coverage limits set forth herein will not create any limitation on Licensee's liability to Aerpio under this Agreement.

9.7 Licensee Planned Structure. As of the Effective Date, Licensee does not have any rights to any pharmaceutical products or drug candidates other than the Licensed Compound and Licensed Products and is wholly owned by its ultimate parent Affiliate, Gossamer Bio, Inc.

#### Section 10. Term, Termination and Survival.

10.1 Term. This Agreement will become effective as of the Effective Date and, unless sooner terminated in accordance with the terms hereof or by mutual written agreement of the Parties, will continue on a country-by-country and Licensed Product-by-Licensed Product basis until the end of the period during which royalties are due hereunder on Net Sales of such Licensed Product in such country (the "Term"). Upon the end of such period for such Licensed Product in such country, the license grant contained in Section 5.1(a) will become perpetual, royalty-free and fully paid up with respect to such Licensed Product in such country.

10.2 Termination for Safety or Efficacy. Notwithstanding anything contained herein to the contrary, Licensee shall have the right to terminate this Agreement at any time in its sole discretion in the event of potential safety or efficacy concerns affecting the Licensed Compound or Licensed Product. Any termination under this Section 10.2 shall be accomplished by Licensee giving [\*\*\*] advance written notice to Aerpio.

10.3 Termination for Material Default. Either Party will have the right to terminate this Agreement upon delivery of written notice to the other Party in the event of any material default in the performance by such other Party of any of such other Party's material obligations under this Agreement, provided that such default has not been cured [\*\*\*], or, in the event such default results in a failure to make any material payment when due hereunder, [\*\*\*], after written notice thereof is given by the non-defaulting Party to the defaulting Party specifying the nature of the alleged default.

10.4 Termination for Insolvency. To the extent permitted by Law, upon the filing or institution of bankruptcy, reorganization, liquidation or receivership proceedings, or upon an assignment of a substantial portion of the assets for the benefit of creditors (a "Bankruptcy Event") by either Party, Aerpio, in the case of a Bankruptcy Event by Licensee, or Licensee, in the case of a Bankruptcy Event by Aerpio,

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\*\*\* Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

may terminate this Agreement; provided, however, that, in the case of any involuntary bankruptcy proceeding, such right to terminate will only become effective if the subject Party consents to the involuntary bankruptcy or such proceeding is not dismissed within [\*\*\*] after the filing thereof. All rights and licenses granted under or pursuant to this agreement are and shall otherwise be deemed to be, for purposes of Section 365(n) of the U.S. Bankruptcy Code or any analogous provisions in any other country or jurisdiction, licenses of right to “intellectual property” as defined under Section 101 of the U.S. Bankruptcy Code and Licensee as licensee under this Agreement and Aerpio will retain and may fully exercise all of their rights and elections under the U.S. Bankruptcy Code and foreign equivalents, including that upon commencement of a bankruptcy proceeding by or against such Party undergoing a bankruptcy proceeding (the “Affected Party”) under the U.S. Bankruptcy Code or foreign equivalents, the non-Affected Party will be entitled to complete duplicates of or complete access to, as such non-Affected Party deems appropriate, any Know-How and patent and other intellectual property rights and all embodiments hereof licensed or to be transferred to such non-Affected Party hereunder by the Affected Party. Such Know-How, rights and embodiments will be promptly delivered to the non-Affected Party (a) upon any such commencement of a bankruptcy proceeding and upon written request thereof by the non-Affected Party, unless the Affected Party elects to continue to perform all of its obligations under this Agreement, or (b) if not delivered under the foregoing clause (a), upon the rejection of this Agreement by or on behalf of the Affected Party upon written request therefore by the non-Affected Party. This Section 10.4 is without prejudice to any rights the non-Affected Party may have arising under the U.S. Bankruptcy Code, foreign equivalents or other Law.

#### 10.5 Termination by Aerpio for Patent Challenge.

(a) Aerpio will have the right to terminate this Agreement upon written notice to Licensee in the event that Licensee or any of its Affiliates or Sublicensees directly or indirectly asserts a Patent Challenge; provided that with respect to any such Patent Challenge by any non-Affiliate Sublicensee, Aerpio will not have the right to terminate this Agreement under this Section 10.5 if Licensee (i) causes such Patent Challenge to be terminated or dismissed or (ii) terminates such Sublicensee’s sublicense to the Aerpio Patent Rights being challenged by the Sublicensee, in each case within [\*\*\*] of Aerpio’s notice to Licensee under this Section 10.5. In the event Licensee or any of its Affiliates intends to assert a Patent Challenge in any forum, not less than [\*\*\*] prior to making any such assertion, Licensee will provide to Aerpio a written disclosure of such assertion. Notwithstanding the foregoing, Aerpio’s termination right under this Section 10.5 will not apply to any Affiliate of Licensee that first becomes an Affiliate of Licensee after the Effective Date, where such Affiliate of Licensee was undertaking activities in connection with a Patent Challenge prior to such Affiliate first becoming an Affiliate of Licensee; provided however that Licensee uses commercially reasonable efforts to cause such Patent Challenge to terminate within [\*\*\*] of such Affiliate first becoming an Affiliate of Licensee.

(b) In lieu of exercising its rights to terminate under this Section 10.5, Aerpio may elect upon written notice to increase all of the milestone payments due under Section 6.2 and royalties due under Section 6.3(a) by [\*\*\*] percent ([\*\*\*]%) which election will be effective retroactively to the date of the commencement of the Patent Challenge.

(c) Licensee acknowledges and agrees that this Section 10.5 is reasonable, valid and necessary for the adequate protection of Aerpio’s interest in and to the Aerpio Patent Rights, and that Aerpio would not have granted to Licensee the licenses under those Aerpio Patent Rights, without this Section 10.5. Aerpio will have the right, at any time in its sole discretion, to strike this Section 10.5 (or any portion thereof) from this Agreement, and Aerpio will have no liability whatsoever as a result of the presence or absence of this Section 10.5 (or any struck portion thereof).

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\*\*\* Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

## 10.6 Effect of Termination.

(a) If this Agreement terminates for any reason (other than expiration), except as may otherwise be agreed in writing by the Parties, Licensee will be responsible at its own expense for an orderly wind-down, in accordance with accepted pharmaceutical industry norms and ethical practices, of any then on-going clinical studies hereunder for which it has responsibility. Licensee will consider in good faith any reasonable request from Aerpio that Licensee continue, at Aerpio's cost and expense, any ongoing clinical studies at the time of termination, except if safety issues would put patients at risk. Aerpio reserves the right to continue any ongoing clinical studies for any Licensed Products at its own expense at such time as Licensee is no longer responsible therefor.

(b) If this Agreement terminates for any reason (other than expiration), Licensee and its Affiliates and Sublicensees will have [\*\*\*] thereafter in which to dispose of any inventory of Licensed Compound or Licensed Product, subject to the payment to Aerpio of any royalties or other amounts due hereunder thereon.

(c) If this Agreement terminates for any reason (other than expiration), all licenses and other rights granted by Aerpio to Licensee hereunder will automatically terminate (including any sublicenses to Licensee or any Sublicensees under the Aerpio In-License), and Licensee and its Affiliates and Sublicensees will have no further rights to practice or reference any Aerpio Patent Rights, Aerpio Know-How or INDs listed on Exhibit D (except as expressly permitted by Sections 10.6(a) and 10.6(b)). Each Party will promptly return to the other Party (or as directed by such other Party destroy and certify to such other Party in writing as to such destruction) all of such other Party's Confidential Information that are in such Party's (or its Affiliates' or in the case of Licensee's Sublicensees') possession or control, save that such Party will have the right to retain (i) one (1) copy of intangible Confidential Information of such other Party for legal purposes, and (ii) any of the foregoing that such Party retains any license or other right hereunder. Licensee and its Affiliates and Sublicensees will not continue to develop, manufacture or commercialize the Licensed Compound or any Licensed Products.

(d) If this Agreement is terminated by Licensee pursuant to Section 10.2 or by Aerpio pursuant to Sections 10.3 or 10.4 or 10.5 (but solely with respect to a Patent Challenge of Aerpio Core Patent Rights), [\*\*\*] Licensee will provide to Aerpio, at [\*\*\*] cost and expense, one (1) copy of the foregoing (including all other documents necessary to [\*\*\*] (including all completed and ongoing clinical studies)) and all documents contained in or referenced in any such items [\*\*\*].

(e) If this Agreement is terminated by Licensee pursuant to Section 10.2 or by Aerpio pursuant to Sections 10.3 or 10.4 or 10.5 (but solely with respect to a Patent Challenge of Aerpio Core Patent Rights), [\*\*\*].

(f) If this Agreement terminates for any reason (other than expiration), [\*\*\*].

(g) As compensation for the rights and licenses of Aerpio set forth in Sections 10.6(d) and 10.6(e), if before termination of this Agreement by Licensee pursuant to Section 10.2 or by Aerpio pursuant to Sections 10.3 or 10.4 or 10.5 (but solely with respect to a Patent Challenge of Aerpio Core Patent Rights) [\*\*\*].

10.7 Survival. In addition to the termination consequences set forth in Section 10.6, the following provisions will survive expiration or termination of this Agreement for any reason: Section 1, Section 5.3, Section 6 (but only with respect to payments accrued before any such expiration or termination), Section 8, Sections 9.3, 9.4, 9.5 and 9.6, Section 10 and Section 11. Expiration or termination of this Agreement for any reason will not relieve the Parties of any liability or obligation which accrued hereunder prior to the effective date of such termination or expiration, nor preclude either Party from

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pursuing all rights and remedies it may have hereunder or at law or in equity, with respect to any breach of this Agreement nor prejudice either Party's right to obtain performance of any obligation. All other rights and obligations will terminate upon termination or expiration of this Agreement.

## Section 11. General Provisions.

### 11.1 Assignment.

(a) This Agreement may not be assigned by either Party, nor may either Party delegate its obligations or otherwise transfer licenses or other rights created by this Agreement, except as expressly permitted hereunder or otherwise without the prior written consent of the other Party, which consent will not be unreasonably withheld; provided that without consent (i) Licensee may assign this Agreement in full to (x) an Affiliate of Licensee, provided that Licensee will remain fully liable for the performance of its obligations under this Agreement by such Affiliate, and further that such assignee Affiliate will assign this Agreement in full back to Licensee at such time as such assignee Affiliate is no longer an Affiliate of Licensee, or (y) its successor in connection with a Change of Control of Licensee, and (ii) Aerpio may assign this Agreement in full to (m) an Affiliate of Aerpio, provided that Aerpio will remain fully liable for the performance of its obligations under this Agreement by such Affiliate, and further that such assignee Affiliate will assign this Agreement in full back to Aerpio at such time as such assignee Affiliate is no longer an Affiliate of Aerpio, or (n) its successor in connection with a Change of Control of Aerpio. Each Party will provide prompt written notice to the other Party of any such permitted assignment.

(b) Notwithstanding anything to the contrary in this Agreement, Aerpio may sell, transfer, lend or assign its rights to any Third Party(ies) to receive payments under Section 6, and Aerpio may disclose Confidential Information of Licensee to one or more Third Parties in connection with any such assignment to enable the Third Party(ies) to evaluate and monitor any such purchase or loan; provided that Licensee shall only be obligated to send payments due hereunder to not more than two entities.

(c) Any permitted assignee will assume all assigned obligations of its assignor under this Agreement. The terms and conditions of this Agreement will inure to the benefit of, and be binding upon, the legal representatives, successors and permitted assigns of the Parties.

11.2 Limited Right to Set-Off. Without limiting Licensee's rights under law or in equity, Licensee may exercise a right of set-off against any and all amounts paid by Licensee pursuant to Section 9.1(k) to cure a breach of the Aerpio In-License by Aerpio.

11.3 Change of Control of Aerpio. Notwithstanding anything to the contrary herein: (a) no patent rights, Know-How or other intellectual property rights not Controlled by Aerpio or any of its Affiliates before a Change of Control of Aerpio will be deemed Controlled for purposes of this Agreement after such Change of Control, provided that any patent right that claims priority, directly or indirectly, to any other patent right first Controlled by Aerpio or any of its Affiliates before such Change of Control will be deemed Controlled by Aerpio thereafter no matter when such patent right is filed or issued, and (b) only those assets (including those items described in clause (a) above) of Aerpio and its Affiliates (before a Change of Control) that are in existence at the time of Change of Control will be subject to Section 5.4.

11.4 Severability. If any one or more of the provisions contained in this Agreement is held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein will not in any way be affected or impaired thereby, unless the absence of the invalidated provision(s) adversely affects the rights of the Parties. The Parties will in such an instance use their reasonable best efforts to replace the invalid, illegal or unenforceable provision(s) with valid, legal and enforceable provision(s) which, insofar as practical, implement the purposes of this Agreement.

11.5 Cumulative Remedies. All rights and remedies of the Parties hereunder will be cumulative and in addition to all other rights and remedies provided hereunder or available by agreement, at Law or otherwise.

11.6 Amendment; Waiver. This Agreement may not be modified, amended or rescinded, in whole or part, except by a written instrument signed by the Parties; provided that any unilateral undertaking or waiver made by one Party in favor of the other will be enforceable if undertaken in a writing signed by the Party to be charged with the undertaking or waiver. No delay or omission by either Party hereto in exercising any right or power occurring upon any noncompliance or default by the other Party with respect to any of the terms of this Agreement will impair any such right or power or be construed to be a waiver thereof. A waiver by either of the Parties of any of the covenants, conditions or agreements to be performed by the other will not be construed to be a waiver of any succeeding breach thereof or of any other covenant, condition or agreement herein contained.

11.7 Notices. All notices which are required or permitted hereunder shall be in writing and sufficient if delivered personally, sent by facsimile (and promptly confirmed by personal delivery, registered or certified mail or overnight courier), sent by nationally-recognized overnight courier or sent by registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

If to Licensee, to: GB004, Inc.  
3013 Science Park Road  
Suite 200  
San Diego, CA 92121  
Attention: General Counsel

With a required copy to: Latham & Watkins LLP  
12670 High Bluff Drive  
San Diego, CA 92130  
Attn: Steven T. Chinowsky, Esq.  
Facsimile: (858) 523-5450  
Email: steven.chinowsky@lw.com

If to Aerpio, to: Aerpio Pharmaceuticals, Inc.  
9987 Carver Road, Suite 420  
Cincinnati, OH 45242  
Attention: CEO

With a required copy to: Goodwin Procter LLP  
100 Northern Avenue  
Boston, MA 02210  
Attention: Kingsley L. Taft, Esq.

or to such address as each Party may hereafter designate by notice to the other Party. A notice will be deemed to have been given on the date it is received by all required recipients for the noticed Party.

11.8 Dispute Resolution.

(a) In the event of any dispute between the Parties under this Agreement, the Parties will first attempt in good faith to resolve such dispute by negotiation and consultation between themselves. In the event that such dispute is not resolved on an informal basis within [\*\*\*] days, either Party may, by written notice to the other, have such dispute referred to a senior executive of each Party designated by such Party's Executive Officer, which senior executives will meet in person if requested

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\*\*\* Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

by either such senior executive and attempt in good faith to resolve such dispute by negotiation and consultation for a [\*\*\*] day period following receipt of such written notice. If such senior executives do not resolve such dispute within such [\*\*\*] day period, either Party may refer the matter to the Parties' Executive Officers for attempted resolution, whereupon the Parties' Executive Officers will meet in person, if requested by either such Executive Officer and attempt in good faith to resolve such dispute by negotiation and consultation for a thirty (30) day period following such referral.

(b) Subject to Section 2.2(e)(ii), if the Executive Officers do not resolve such dispute within such [\*\*\*] day period, either Party may at any time thereafter submit such dispute to be finally settled by arbitration administered in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("AAA") in effect at the time of submission. The arbitration will be heard and determined by three (3) arbitrators. Licensee and Aerpio will each appoint one (1) arbitrator and the third arbitrator will be selected by the two (2) Party-appointed arbitrators, or, failing agreement within [\*\*\*] days following the date of receipt by the respondent of the claim, by the AAA. Such arbitration will take place in New York, NY. The award shall be made within [\*\*\*] months of the filing of the notice of arbitration, and the arbitrator(s) shall agree to comply with this schedule before accepting appointment. However, this time limit may be extended by agreement of the Parties or by the arbitrator(s) if necessary. The arbitration award so given will be a final and binding determination of the dispute, and will be fully enforceable in any court of competent jurisdiction. Costs of arbitration are to be divided by the Parties in the following manner: Licensee will pay for the arbitrator it chooses, Aerpio will pay for the arbitrator it chooses, and the costs of the third arbitrator will be divided equally between the Parties. Except in a proceeding to enforce the results of the arbitration or as otherwise required by Law, neither Party nor any arbitrator may disclose the existence, content or results of any arbitration hereunder without the prior written consent of both Parties. Notwithstanding this Section 11.8(b), any dispute between the Parties under this Agreement regarding the scope, validity, enforceability of infringement of any patent rights will subject to Section 11.8(a) and thereafter not this Section 11.8(b) but rather any court or other forum.

(c) Notwithstanding the dispute resolution procedures set forth in this Section 11.8, in the event of an actual or threatened breach hereunder, the aggrieved Party may seek equitable relief (including restraining orders, specific performance or other injunctive relief) in any court or other forum, without first submitting to any dispute resolution procedures hereunder.

(d) Notwithstanding the provisions of this Section 11.8, disputes relating to intellectual property rights, including disputes relating to the ownership, inventorship, enforceability, validity or scope of patent or other intellectual property rights, or other disputes for which a Party wishes to seek injunctive or other equitable relief, but not any disputes under Section 6.4, shall not be subject to the terms of this Section 11.8 and may be submitted for resolution to a court of competent jurisdiction, and without the necessity of posting a bond for such disputes seeking injunctive or other equitable relief (each, an "Excluded Claim"). The Parties agree that any dispute concerning an Excluded Claim that cannot be resolved by the Parties will be subject to the exclusive jurisdiction of the U.S. federal or New York state courts within the New York counties of New York, and the Parties hereby submit to, and waive any objection to, personal jurisdiction and venue in such courts for such purpose, and both Parties waive any right they may have under applicable law or otherwise to a right to a trial by jury for such purpose.

11.9 Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of New York, without regard to its conflicts of law provisions; provided that any dispute relating to the scope, validity, enforceability or infringement of any patent rights will be governed by, and construed and enforced in accordance with, the substantive laws of the jurisdiction from which such patent rights arose.



11.10 Relationship of the Parties. Each Party is an independent contractor under this Agreement. Nothing contained herein is intended or is to be construed so as to constitute Aerpio and Licensee as partners, agents or joint venturers. Neither Party will have any express or implied right or authority to assume or create any obligations on behalf of or in the name of the other Party or to bind the other Party to any contract, agreement or undertaking with any Third Party. There are no express or implied third party beneficiaries hereunder (except for Licensee Indemnitees other than Licensee and Aerpio Indemnitees other than Aerpio for purposes of Sections 9.5(a) or 9.5(b), as applicable).

11.11 Entire Agreement. This Agreement (along with the Exhibits) contains the entire understanding of the Parties with respect to the subject matter hereof and supersedes and replaces any and all previous arrangements and understandings, including the Confidentiality Agreement, whether oral or written, between the Parties with respect to the subject matter hereof.

11.12 Headings. The captions to the several Sections hereof are not a part of this Agreement, but are merely guides or labels to assist in locating and reading the several Sections hereof.

11.13 Waiver of Rule of Construction. Each Party has had the opportunity to consult with counsel in connection with the review, drafting and negotiation of this Agreement. Accordingly, the rule of construction that any ambiguity in this Agreement will be construed against the drafting Party will not apply.

11.14 Interpretation. Whenever any provision of this Agreement uses the term “including” (or “includes”), such term will be deemed to mean “including without limitation” (or “includes without limitations”). “Herein,” “hereby,” “hereunder,” “hereof” and other equivalent words refer to this Agreement as an entirety and not solely to the particular portion of this Agreement in which any such word is used. The term “or” means “and/or” hereunder. All definitions set forth herein will be deemed applicable whether the words defined are used herein in the singular or the plural. Unless otherwise provided, all references to Sections and Exhibits in this Agreement are to Sections and Exhibits of this Agreement. References to any Sections include Sections and subsections that are part of the related Section (e.g., a section numbered “Section 5.2” would be part of “Section 5”, and references to “Section 5.2” would also refer to material contained in the subsection described as “Section 5.2(a”).

11.15 Counterparts; Facsimiles or PDE. This Agreement may be executed in one (1) or more counterparts, each of which will be deemed an original and all of which together will constitute one and the same instrument. Facsimile or PDF execution and delivery of this Agreement by either Party will constitute a legal, valid and binding execution and delivery of this Agreement by such Party.

*[Remainder of this Page Intentionally Left Blank]*

IN WITNESS WHEREOF, the Parties have caused this License Agreement to be executed by their respective duly authorized representatives as of the Effective Date.

**AERPIO PHARMACEUTICALS, INC.**

By: /s/ Stephen Hoffman  
(Signature)  
Name: Stephen Hoffman  
Title: Chief Executive Officer

**GB004, INC.**

By: /s/ Christian Waage  
(Signature)  
Name: Christian Waage  
Title: Treasurer & Secretary

**EXHIBIT A**

**AERPIO PATENT RIGHTS**

<u>Country</u>	<u>Application Number</u>	<u>Filing Date</u>	<u>Patent Number</u>
[***]	[***]	[***]	[***]
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**EXHIBIT B-1**

**INITIAL DEVELOPMENT PLANS**

[\*\*\*]

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**EXHIBIT B-2**

**INITIAL DEVELOPMENT BUDGETS**

[\*\*\*]

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**EXHIBIT C**

**LICENSED COMPOUND**

AKB-4924

**EXHIBIT D**

**LICENSED COMPOUND INDs**

Canada

[\*\*\*]

United States

[\*\*\*]

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**EXHIBIT E**

**PRESS RELEASE**



**Aerpio Announces Exclusive License Agreement with Gossamer Bio for AKB-4924, a First in Class Hypoxia-Inducible Factor-1 Alpha Stabilizer in Development for Inflammatory Bowel Disease**

CINCINNATI & SAN DIEGO — (BUSINESS WIRE) — Jun. 25, 2018 — Aerpio Pharmaceuticals, Inc. (OTCQB:ARPO), today announced an exclusive global license agreement with a wholly owned subsidiary of Gossamer Bio, Inc., GB004, Inc. (“Gossamer”), for the development and commercialization of Aerpio’s HIF-1 alpha stabilizer, AKB-4924, along with other related compounds. The arrangement combines Aerpio’s deep understanding of HIF biology with Gossamer’s experience in inflammation, immunology and inflammatory bowel disease (IBD) drug development.

AKB-4924 (to be known as GB004) is an investigational hypoxia-inducible factor-1 alpha (HIF-1 alpha) stabilizer in development for IBD. Unlike other HIF stabilizers in clinical development, which stabilize HIF-2 and stimulate erythropoiesis, GB004 preferentially stabilizes HIF-1 alpha, and has profound anti-inflammatory and mucosal wound healing effects in animal models of IBD. Based on pre-clinical study results, GB004 has demonstrated several potential advantages over existing therapies for the treatment of IBD, including a possible superior efficacy and safety profile and once-daily oral route of administration. To date, Aerpio has conducted a Phase 1, single ascending dose study which found GB004 to be safe and well-tolerated. In May 2018, Aerpio initiated a 24-subject, Phase 1, multiple ascending dose study to further assess the pharmacokinetics, safety and tolerability of GB004 in healthy volunteers.

Under the terms of the license agreement, Gossamer will pay Aerpio \$20 million up front, potential development, regulatory, and sales milestones of up to \$400 million, and royalties on worldwide net sales, which range from a high single digit to mid-teen percentage of net sales. Gossamer will be responsible for the remaining development, regulatory, and commercialization expenses for GB004.

“Gossamer is the ideal partner to maximize the potential of GB004 in IBD,” said Stephen Hoffman, MD, PhD, Chief Executive Officer of Aerpio. “The Gossamer team has a demonstrated track record of successful therapeutic development in IBD, specifically the



development of Ozanimod in multiple sclerosis and IBD, as evidenced by the sale of Receptos to Celgene in 2015 for \$7.2 billion. Our partnership allows us to focus our resources on our ophthalmology and diabetes programs currently in development at Aerpio.”

Faheem Hasnain, Gossamer Bio’s Chairman and Chief Executive Officer, stated “We are pleased to have found GB004 after thoroughly assessing a substantial number of opportunities. This program represents an important addition to the Gossamer portfolio of drug candidates aiming to address unmet medical needs.”

Sheila Gujrathi, MD, Gossamer Bio’s President and Chief Operating Officer, said “The HIF-1 alpha stabilization mechanisms represent truly novel biology with multiple putative benefits and a potential paradigm-changing approach to treating IBD patients.”

### **About Aerpio Pharmaceuticals**

Aerpio Pharmaceuticals, Inc. is a biopharmaceutical company focused on advancing first-in-class treatments for ocular diseases. The Company’s lead compound, AKB-9778, is a small molecule activator of the Tie2 pathway and is in clinical development for diabetic retinopathy. For more information please visit [www.aerpio.com](http://www.aerpio.com).

### **About Gossamer Bio**

Gossamer Bio, Inc. is a biopharmaceutical company focused on discovering, developing, and commercializing immunology-based therapeutics in the autoimmune, allergy/inflammation, immuno-oncology and fibrosis disease areas. Gossamer’s goal is to create a business that allows value creation and capture at the individual asset level, long-term sustainability, and continuity, while ultimately helping to improve the lives of patients.

### **About AKB-4924 (GB004)**

GB004, a selective stabilizer HIF-1 alpha, is being developed for the treatment of inflammatory bowel disease. HIF-1 alpha is involved in mucosal wound healing and the reduction of inflammation in the gastrointestinal tract. Aerpio has completed a single ascending dose clinical trial of GB004 in healthy volunteers and has initiated a multiple ascending dose study in healthy volunteers.

### **Forward Looking Statements**

This press release contains forward-looking statements. Statements in this press release that are not purely historical are forward-looking statements. Such forward-looking statements include, among other things, the timeline of, and other developmental plans for, GB004 for inflammatory bowel disease or otherwise, and the therapeutic potential of the Company’s product candidates, including GB004, and the Company’s partnership with Gossamer Bio. Actual results could differ from those projected in any forward-looking statements due to several risk factors. Such

factors include, among others, that the Company's partnership with Gossamer Bio may not yield the intended benefits, the availability of funding needed to continue to develop GB004 or other product development plans, the inherent uncertainties associated with the FDA and drug development process, competition in the industry in which the Company operates and overall market conditions. These forward-looking statements are made as of the date of this press release, and the Company assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those projected in the forward-looking statements, except as required by law. Investors should consult all the information set forth herein and should also refer to the risk factor disclosure set forth in the reports and other documents the Company files with the SEC available at [www.sec.gov](http://www.sec.gov).

View source version on businesswire.com: <https://www.businesswire.com/news/home/20180625005370/en/>

Source: Aerpio Pharmaceuticals, Inc.

**Investor:**

**Aerpio Pharmaceuticals, Inc.**

Michael Rogers  
Chief Financial Officer  
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**Media:**

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**[PR@GossamerBio.com](mailto:PR@GossamerBio.com)**

**Burns McClellan, on behalf of Aerpio Pharmaceuticals, Inc.**

**Media**

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**EXHIBIT F**

**AERPIO IN-LICENSE**

**NON-EXCLUSIVE LICENSE AGREEMENT**

Parties to the Agreement: Aerpio Therapeutics, Inc.  
The Regents of the University of Colorado, a body corporate  
University Case Number: CU2065H

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Article 1 – Definitions  
Article 2 – Grant and Reservation of Rights  
Article 3 – Economic Consideration  
Article 4 – Sublicensing  
Article 5 – Confidential Information  
Article 6 – Export  
Article 7 – Patent Prosecution and Enforcement  
Article 8 – Warranties, Indemnifications, and Insurance  
Article 9 – Duration, Conditions, Termination, and Conversion  
Article 10 – General

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Appendix A – Technology Specific Terms and Conditions

This **NON-EXCLUSIVE LICENSE AGREEMENT** between The Regents of the University of Colorado, a body corporate, for and on behalf of the University of Colorado Denver, having an office at 12635 E. Montview Blvd., Suite 270, Aurora, CO 80045 (the “**University**”) and Aerpio Therapeutics, a corporation having its principal office at 9987 Carver Rd., Suite 420, Cincinnati, OH 45242 (“**Licensee**” has the meaning assigned to it in Article 1) is effective November 1, 2016, (the “**Effective Date**”).

## **BACKGROUND**

1. The University is the owner of the Licensed Patents (“**Licensed Patents**” has the meaning assigned to it in Article 1) related to University Case Number CU2065H.
2. This Agreement is executed as part of a settlement agreement executed between the parties on the same date herewith in settlement of certain litigation instituted by Licensee in the Southern District of Ohio on August 23, 2016 (the “**Settlement Agreement**”), which is attached hereto.

Accordingly, the parties agree as follows:

## **GENERAL TERMS AND CONDITIONS**

### **Article 1 Definitions**

1.1 **Definitions.** The terms defined in the Preamble have their assigned meanings and the following terms, whether used in the singular or plural, have the meanings assigned to them.

- (a) “**Affiliate**” means any entity that controls, is controlled by, or is under common control with Licensee. Control means the
  - (i) direct or indirect ownership of at least 50% of voting securities;
  - (ii) power to govern the financial and operating policies of the entity; or
  - (iii) power to appoint the management of the entity.
- (b) “**Agreement**” means this Non-Exclusive License Agreement, as amended from time to time.
- (c) “**Confidential Information**” means the terms of the Agreement, but not the existence of the Agreement. Confidential Information does not include the following:
  - (i) Information which at the time of disclosure had been previously published or was otherwise publicly available through no fault of Recipient.

- (ii) Information which becomes public knowledge after disclosure unless such knowledge results from a breach of this Agreement.
  - (iii) Information which was already in Recipient's possession prior to the time of disclosure as evidenced by written records kept in the ordinary course of business or by proof of actual use.
  - (iv) Information that is independently developed without use of the confidential information.
  - (v) Information which is required to be disclosed by law, court order, or government regulation.
- (d) "**Field of Use**" has the meaning assigned to it in **Appendix A**.
- (e) "**Licensee**" means the entity listed in the Preamble and any of its Affiliates.
- (f) "**Licensed Patents**" means the United States patents and patent applications listed in **Appendix A**, together with any and all divisionals and continuations of those applications and the patents issued therefrom, including any reissues, reexaminations, or extensions of such patents, and claims of any continuations-in-part applications and resulting patents that are directed to inventions specifically described and enabled in the patents and patent applications listed in Appendix A.
- (g) "**Licensed Product**" means any product, service, or process, the making, use, offer for sale, sale, importation or rendering of which would infringe one or more Valid Claims in the country in which it is made, used, sold, offered for sale, imported, or rendered; or any product which is manufactured, or any service which is rendered, using a process which would infringe one or more Valid Claims in the country in which it is made, used, sold offered for sale, imported, or rendered.
- (h) "**Notice Date**" means the date the party to whom notice is sent receives the notice at the address indicated in Article 10.2. Notice Date does not mean actual notice.

- (i) **“Recipient”** means a party who receives information from the other party to this Agreement.
- (j) **“Senior Executives”** means a person with authority to contractually bind the party.
- (k) **“Settlement Agreement”** has the meaning assigned to it in the Background.
- (l) **“Sublicense”** means a grant of rights by Licensee to a third party to make, have made, use, have used, sell, have sold, import, have imported, exported, or have exported Licensed Product.
- (m) **“Sublicensee”** means the third party granted a Sublicense from the Licensee.
- (n) **“Term”** has the meaning assigned to it in Article 9.1.
- (o) **“Territory”** has the meaning assigned to it in **Appendix A**.
- (p) **“University Indemnitees”** includes the University, its regents, employees, students, officers, agents, affiliates, representatives, and inventors.
- (q) **“Valid Claim”** means a pending or issued and unexpired claim of a Licensed Patent so long as the claim has not been irrevocably abandoned or declared to be invalid through no fault of the Licensee in a non-appealable decision of a court or other government agency of competent jurisdiction.

#### 1.2 Other Definitional Provisions.

- (a) All references to statutes and related regulations include
  - (i) any past and future amendments of those statutes and related regulations; and
  - (ii) any successor statutes and related regulations.
- (b) The words “including,” “includes,” and “include” are deemed to be followed by the words “without limitation.”

1.3 All references to currency in this Agreement such as “Dollars” or “\$” refer to the lawful currency of the United States of America.

## Article 2 Grant and Reservation of Rights

2.1 **License.** Subject to the terms and conditions of this Agreement and the Settlement Agreement, the University grants to the Licensee a non-exclusive license to the Licensed Patents to make, have made, use, import, offer to sell, sell, and practice the Licensed Products in the Field(s) of Use and the Territory.

2.2 **Limitation on Rights.** This Agreement confers no license or rights by implication, estoppel, or otherwise under any patent applications or patents of the University other than the Licensed Patents, regardless of whether such patents are dominant or subordinate to the Licensed Patents.

2.3 **Reservation of Rights.** The University retains all rights under the Licensed Patents, subject to the license granted to Licensee under Article 2.1. Without limiting the foregoing sentence, the University expressly reserves the right to grant further non-exclusive licenses under the Licensed Patents to any third parties to make, have made, use, import, offer to sell, sell, and practice Licensed Products in any fields of use and in all applicable territories. Further, the University retains the right to market the Licensed Patents to potential non-exclusive licensees.

## Article 3 Economic Consideration

3.1 As consideration for the license and rights granted under this Agreement and the Settlement Agreement, Licensee agrees to pay to the University the economic consideration specified in **Appendix A**.

## Article 4 Sublicensing

4.1 **Sublicenses Permitted.** Licensee may sublicense the rights granted in Article 2.

4.2 **Responsibility for Sublicensees.** Licensee retains all responsibility for the performance of all Sublicensees under a Sublicense as if the performance was carried out by the Licensee itself.

4.3 **Required Provisions.** Licensee shall include the following provision for the benefit of the University in all Sublicenses: Article 7 Warranties, Indemnification, and Insurance.

4.4 **Termination of License or Sublicense.**

- (a) Licensee shall cause the Sublicense to be subject to the termination of this Agreement.
- (b) Licensee shall require the automatic termination of the Sublicense in the event the Sublicensee institutes a legal action challenging the validity of any Licensed Patent.



4.5 **Copy of Sublicense.** Licensee shall submit to the University a copy of each fully executed Sublicense agreement and any amendments to Sublicenses granted by the Licensee under this Agreement. The Sublicense agreements and amendments must be postmarked within 30 days of their execution.

#### **Article 5 Confidential Information**

5.1 **Responsibilities.** The parties shall vigilantly protect all Confidential Information from disclosure to third parties. The parties shall not make disclosures of the Confidential Information without the written permission of the other party. For clarity, either party may disclose the existence of this Agreement, but neither party may disclose the Confidential Information without the written permission of the other party, except as may be required to be disclosed by law, court order, or government regulation, provided that a party may only disclose those terms of this Agreement it is legally required to disclose. Licensee may disclose Confidential Information, other than the Financial Conditions set forth in Paragraph 2 of Appendix A, to business partners or potential business partners to document the freedom to operate for any Licensed Product, or to respond to any party that accuses Licensee of not having freedom to operate for any Licensed Product, provided that the business partner, potential business partner, or party receiving the Confidential Information is bound by an agreement to maintain the confidentiality of the Confidential Information. Licensee may request in writing consent from the University to disclose, under obligations of confidentiality, the Financial Conditions set forth in Paragraph 2 of Appendix A to certain business partners or potential business partners. The University hereby agrees to consider such requests in a timely manner and not unreasonably withhold consent.

5.2 **Ownership.** All written documents containing Confidential Information and other material in tangible form received by the Recipient under this Agreement remains the property of the disclosing party. Upon request of the disclosing party, the Recipient shall return such documents to the disclosing party or provide evidence of their destruction.

5.3 **CORA.** Licensee acknowledges that the University is subject to the Colorado Open Records Act, C.R.S. §§ 24-72-201, et seq. (CORA). All plans and reports marked "Confidential" shall be treated by the University as confidential to the extent permitted under § 24-72-204. Certain categories of information, including trade secrets and information implicating legal privileges, are not required to be released in response to requests for information under CORA.

### Article 6 Export

6.1 **Export Prohibition.** Licensee shall not export or re-export Licensed Patents, Licensed Products, know-how, confidential information or technical information to any country, individual, or entity except when such export or re-export is authorized in full compliance with the laws and regulations of the United States, as applicable.

6.2 **Applicable Law.** Applicable laws and regulations may include but are not limited to the Export Administration Regulations, the International Traffic in Arms Regulations, and the economic sanctions regulations administered by the U.S. Department of the Treasury.

### Article 7 Patent Prosecution and Enforcement

7.1 University retains sole responsibility for the maintenance of the Licensed Patent in its sole discretion, but has no obligation to maintain the Licensed Patent.

7.2 University retains sole responsibility to bring or prosecute actions or suits against third parties for infringement in its sole discretion, but has no obligation to bring or prosecute any such suits or actions.

### Article 8 Warranties, Indemnifications, and Insurance

8.1 The University warrants that, as of the effective date of this Agreement, the University has no knowledge of:

- (a) any challenge or dispute regarding the University's ability to grant the rights provided in Article 2 of this Agreement; and
- (b) any agreement with the Brigham and Women's Hospital, Inc., or any Affiliate thereof that prevents the University from granting the rights provided in Article 2 of this Agreement.

8.2 **Disclaimer of Warranties.**

- (a) THE UNIVERSITY MAKES NO OTHER REPRESENTATIONS, EXTENDS NO WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, AND ASSUMES NO RESPONSIBILITIES WHATSOEVER WITH RESPECT TO USE, SALE, OR OTHER DISPOSITION BY LICENSEE OR ITS SUBLICENSEES, VENDEES OR OTHER TRANSFEREES OF LICENSED PRODUCTS OR ANY OTHER PRODUCTS OR PROCESSES INCORPORATING OR MADE BY USE OF THE LICENSED PATENTS.

- (b) THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR THAT THE USE OR SALE OF LICENSED PRODUCTS OR ANY OTHER PRODUCTS OR PROCESSES INCORPORATING OR MADE BY USE OF THE LICENSED PATENTS WILL NOT INFRINGE ANY PATENT, COPYRIGHT, TRADEMARK, SERVICE MARK, OR OTHER RIGHTS.
- (c) Nothing in this Agreement may be construed as
  - (i) a warranty or representation by the University as to the validity or scope of any of the rights included in the Licensed Patents;
  - (ii) a warranty or representation that the Licensed Patents or anything made, used, sold or otherwise disposed of under this Agreement will or will not infringe patents, copyrights or other rights;
  - (iii) an obligation to furnish any know-how or services not expressly agreed to in this Agreement, or
  - (iv) an obligation by the University to bring or prosecute actions or suits against third parties for infringement, or to provide any services other than those specified in this Agreement.

8.3 **Indemnification.** Licensee shall indemnify, defend, and hold University Indemnitees harmless from and against all liability, demands, damages, losses, and expenses (including attorney fees), for death, personal injury, illness, property damage, noncompliance with applicable laws and any other claim, proceeding, demand, expense and liability of any kind whatsoever in connection with or arising out of any of the following:

- (a) The use by or on behalf of Licensee, its Sublicensees, directors, officers, employees, or third parties of any Licensed Patents;
- (b) The design, manufacture, production, distribution, advertisement, consumption, sale, lease, sublicense or use of any Licensed Products or materials by Licensee, or other products or processes developed in connection with or arising out of the Licensed Patents; or
- (c) Any right or obligation of Licensee under this Agreement.

8.4 **Insurance.** Licensee shall, at its sole cost and expense, procure and maintain reasonable commercial general liability insurance, including product liability coverage and coverage for Licensee's indemnification obligation under this

Agreement, in commercially reasonable and appropriate amounts for the Licensed Product being used, sold, distributed, imported or rendered. Licensee shall provide proof of such insurance coverage as of the Effective Date, and at any time after the Effective Date upon receipt of University's written request to provide proof of such coverage.

#### **Article 9 Duration, Conditions, Termination, and Conversion**

9.1 **Term.** This Agreement is effective as of the Effective Date and expires on the expiration date of the last to expire patents within the Licensed Patents unless terminated pursuant to Article 9.2 or 9.3.

9.2 **Termination of Agreement by Licensee.** Licensee may terminate this Agreement at any time on 60 days prior written notice to the University, if Licensee does all of the following:

- (a) Pays all amounts due as well as all non-cancelable costs to the University through the termination date.
- (b) Returns any Confidential Information provided to Licensee by the University in connection with this Agreement.
- (c) Licensee understands that if Licensee terminates the Agreement, University may seek to initiate legal proceedings to enforce the Licensed Patents against Licensee should University conclude it has basis to do so.

9.3 **Termination by University.** The University may terminate this Agreement if Licensee does and fails to cure, within 30 days of notice, any of the following:

- (a) Breaches any material provision of this Agreement.
- (b) Violates any laws or regulations of applicable governmental entities that have a material adverse effect on the
  - (i) University; or,
  - (ii) Licensee's ability to perform its obligations under this Agreement.
- (c) Institutes a legal action challenging the validity of any Licensed Patent.
- (d) Institutes a legal action under that certain Material Transfer Agreement executed between the parties dated July 9, 2012, as amended on July 9, 2013, that certain Material Transfer Agreement

executed between the University and Akebia Therapeutics, Inc., dated May 26, 2009, that certain Institution Research Agreement executed between the parties dated August 2, 2012, that certain Consulting Agreement executed between the parties and University Physicians, Inc., effective January 1, 2016, that certain Bilateral Confidentiality and Non-Disclosure Agreement entered between the parties dated May 5, 2016, or otherwise breaches the terms of the Settlement Agreement.

- (e) Fails to maintain insurance as provided for in Article 8.

#### Article 10 General

**10.1 Assignment by Licensee.** Licensee may assign this Agreement as part of a sale, regardless of whether such a sale occurs through an asset sale, stock sale, merger or other combination, or any other transfer of (i) Licensee's entire business; or (ii) that part of Licensee's business that exercises all rights granted under this Agreement, provided that Licensee shall provide the University with written notice of the assignment, including the new assignee's contact information, within 10 days of the assignment. Any other attempt to assign this Agreement by Licensee is null and void.

#### 10.2 General Notice.

- (a) Notice under this Agreement is sufficient if given by registered mail, postage prepaid, and addressed to the party to receive such notice at the addresses given below, or such other address as may hereafter be designated by notice in writing. Notice is effective at the time of mailing.

The University shall mail all general notices to Licensee to the following address:

Joseph Gardner, Ph.D.  
Aerpio Therapeutics, Inc.  
9987 Carver Road  
Suite 420  
Cincinnati, OH 45242

- cc: Vern Norviel  
Wilson Sonsini Goodrich & Rosati, PC  
650 Page Mill Road  
Palo Alto, CA 94304-1050

Licensee shall mail all general notices to the University to the following address:

License Administrator, CU Case #CU2065H.  
CU Innovations  
University of Colorado Denver  
12635 E. Montview Blvd., Suite 270  
Aurora, CO 80045

- (b) Either party may change its address with written notice to the other party.

10.3 **Invalidation Notice.** Licensee shall provide written notice to the University at least 90 days prior to bringing an action seeking to invalidate any Licensed Patent or a declaration of non-infringement. Licensee shall include in such written notice an identification of all prior art it believes invalidates any claim of the patent.

10.4 **Use of Names and Marks:** Licensee shall not identify the University in any promotional advertising, press releases, sales literature or other promotional materials to be disseminated to the public or any portion thereof without the University's prior written consent in each case, except that the Licensee may state that it has a non-exclusive license for the Licensed Patents from the University. The University may state that it has a license for the Licensed Patents with Licensee. Licensee further shall not use the name of the University or any University faculty member, inventor, employee or student or any trademark, service mark, trade name, copyright or symbol of the University, without the prior written consent of the University, entity or person whose name is sought to be used.

10.5 **Marking:** Licensee shall cause Licensed Products sold under this Agreement to be marked with the notice of the patent numbers or patent pending, as may be appropriate.

10.6 **University Rules and Regulations.** Licensee acknowledges that University employees who are engaged by Licensee, whether as consultants, employees, or otherwise, or who possess a material financial interest in Licensee, are subject to the University's rule regarding outside activities and financial interests as set forth in the University's intellectual property policy and related policies regarding conflicts of interest and outside consulting, as may be amended from time to time. Any term or condition of an agreement between Licensee and a University employee that seeks to vary or override such employee's obligations to the University may not be enforced against such personnel or the University without the express written consent of the Principal Technology Transfer Officer as well as University Physicians, Inc., as applicable.

10.7 **Compliance with the Law.** Licensee shall comply with all commercially material local, state, federal, and international laws and regulations relating to its obligations under this Agreement regarding the development, manufacture, use, and sale of Licensed Products.

10.8 **Choice of Law:** This Agreement is governed by and will be construed in accordance with the laws of Colorado.

10.9 **Dispute Resolution.** In the event of any dispute arising out of or relating to this Agreement, the affected party shall promptly provide notice to the other party, and the parties shall attempt in good faith to resolve the matter.

- (a) Any disputes not so resolved shall be referred to the Principal Technology Transfer Officer for the University and to Licensee's Senior Executives with settlement authority, who shall meet at a mutually acceptable time and location within 30 days of the Notice Date and shall attempt to negotiate a settlement.
- (b) If the Senior Executives fail to meet within 30 days of the Notice Date, or if the matter remains unresolved for a period of 60 days after the Notice Date, Licensee hereby irrevocably submits to the jurisdiction of a court of competent jurisdiction in Colorado, and, by execution and delivery of this Agreement, Licensee (i) accepts, generally and unconditionally, the jurisdiction of this court and any related appellate court, and (ii) irrevocably waives any objection it may now or hereafter have as to the venue of any such suit, action or proceeding brought in the court or that the court is an inconvenient forum.

10.10 **Merger and Modification of Agreement.** The terms and provisions contained in this Agreement constitute the entire agreement between the parties and supersede all previous communications, representations, agreements or understandings, either oral or written, between the parties with respect to the subject matter, and no agreement or understanding varying or extending this Agreement will be binding upon either party to this Agreement, unless in a written amendment signed by duly authorized officers or representatives of the respective parties, and the provisions of this Agreement not specifically amended thereby remain in full force and effect according to their terms.

10.11 **Severability.** The provisions and clauses of this Agreement are severable, and in the event that any provision or clause is determined to be invalid or unenforceable under any controlling body of the law, such invalidity or unenforceability will not in any way affect the validity or enforceability of the remaining provisions and clauses.

10.12 **Scope.** This Agreement does not establish a joint venture, agency or partnership between the parties, nor create an employer - employee relationship.

**10.13 Preservation of Immunity.** Nothing in this Agreement is intended or should be construed as a waiver, either express or implied, of any of the immunities, rights, benefits, defenses or protections provided to the University under governmental or sovereign immunity laws from time to time applicable to the University, including, without limitation, the Colorado Governmental Immunity Act (C.R.S. § 24-10-101, et seq.) and the Eleventh Amendment to the United States Constitution.

**10.14 Headings.** The headings are included for convenience only and may not be used to construe this Agreement.

**10.15 Survival.** The provisions of Articles 3 Economic Consideration; 5 Confidential Information; 8 Warranties, Indemnifications, and Insurance; 10.4 Use of Names and Marks; 10.8 Choice of Law; 10.13 Preservation of Immunity; 10.15 Survival and any other provision of this Agreement that by its nature is intended to survive, will survive any termination or expiration of this Agreement.

**(signatures follow on the next page)**



To evidence the parties' agreement to this Agreement, the parties have executed it in duplicate and delivered it on the date stated in the Preamble.

UNIVERSITY

By: \_\_\_\_\_  
Kim Muller, Director  
CU Innovations  
University of Colorado Denver  
12635 E. Montview Blvd, Suite 270  
Aurora, CO 80045

LICENSEE

By: /s/ Joseph H. Gardner  
Title: Joseph H. Gardner  
President & CEO  
Aerpio Therapeutics, Inc.  
9987 Carver Road, Suite 420  
Cincinnati, OH 45242

To evidence the parties' agreement to this Agreement, the parties have executed it in duplicate and delivered it on the date stated in the Preamble.

UNIVERSITY

By: /s/ Kimberly Muller

Kim Muller, Director

CU Innovations

University of Colorado Denver

12635 E. Montview Blvd. Suite 270

Aurora, CO 80045

LICENSEE

By: Kimberly Muller

Title: Director of CU Innovations

**APPENDIX A: SPECIFIC TERMS AND CONDITIONS****1. Licensed Patents:**

(a) The Licensed Patents are as follows:

<u>Internal ID</u>	<u>Country</u>	<u>Serial No./Patent No</u>	<u>Title</u>	<u>Inventor</u>
CU2065H	US	US 8,962,530 issued Feb. 24, 2015 from US Appl. No. 12/666,438	Inflammatory Bowel Disease Therapies	Sean Colgan
CU2065H	PCT	PCT/US2008/007962/ June 26, 2008	Inflammatory Bowel Disease Therapies	Sean Colgan
CU2065H	US PPA	US Provisional Application 60/946,537	Inflammatory Bowel Disease Therapies	Sean Colgan

(b) Field of Use: All.

(c) Territory: Worldwide.

**2. Financial Conditions:**

[\*\*\*]

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**EXHIBIT G**

**ASSIGNED MANUFACTURING AGREEMENTS**

[\*\*\*]

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\*\*\* Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

**SCHEDULE 9.1(a)**

For purposes of the last paragraph of Section 9.1:

[\*\*\*]

**SCHEDULE 9.1(b)**

For purposes of the last paragraph of Section 9.1:

[\*\*\*]

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\*\*\* Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

Gossamer Bio, Inc.  
3013 Science Park Road, Suite 200,  
San Diego, CA 92121

July 20, 2018

HH Goss Holdings LLC  
Suite 2202, 22nd Floor  
Two International Finance Centre  
8 Finance Street  
Central, Hong Kong  
Attention: Michael Yi / Ting Jia  
Email: myi@hillhousecap.com;  
ting.jia@hhresearch.com  
With a copy to: Adam Hornung  
Email: Legal@hillhousecap.com

Re: Board Designation Right

To Whom it May Concern:

This letter agreement (this “**Letter Agreement**”) is made and entered into by and between Gossamer Bio, Inc., a Delaware corporation (the “**Company**”), and HH Goss Holdings LLC (together with its affiliates, “**Hillhouse**”). Reference is hereby made to the Series B Preferred Stock Purchase Agreement (the “**Purchase Agreement**”), dated on or about the date hereof, by and among the Company, Hillhouse and certain other purchasers listed from time to time on Schedule A to the Purchase Agreement, pursuant to which Hillhouse is purchasing shares (the “**Shares**”) of the Company’s Series B Preferred Stock, \$0.0001 par value per share. In connection with the purchase of the Shares by Hillhouse, the parties hereto agree as follows:

1. Certain Definitions. As used in this Agreement, the following terms shall have the following respective meanings:

“**Asthma Data Read-Out**” shall mean the first public data read-out of interim results from the GB001 Phase 2 clinical trial.

“**Board**” shall mean the Board of Directors of the Company;

“**Effective Date**” shall mean the date of the closing of the IPO;

“**IPO**” shall mean the initial public offering of shares of the Company’s common stock; and

“**Necessary Action**” shall mean using best efforts, subject to applicable law and listing standards, to cause such result that are within the power of the Company, including (i) causing members of the Board, subject to any fiduciary duties that such members may have as directors of the Company, to act in a certain manner, including causing members of the Board or any nominating or similar committee of the Board to recommend to the stockholders of the Company the appointment of any Hillhouse Designee (as defined in Section 2 of this Letter Agreement) as provided by this Agreement and to not withdraw or adversely modify such recommendation, (ii) executing agreements and instruments consistent with the terms hereof and refraining from taking any action that would reasonably be expected to adversely affect the election of the Hillhouse Designee, (iii) making, or causing to be made, with governmental, administrative or regulatory authorities, all filings,

registrations or similar actions that are required to achieve such result, and (iv) soliciting proxies and votes from the Company's stockholders in favor of such recommendation.

2. Board Designation Right. From the Effective Date until the termination of this Letter Agreement, the Company shall take all Necessary Action to designate one (1) individual designated by Hillhouse from time to time (including any replacement thereof, the "**Hillhouse Designee**") to the Board; provided that if at any time prior to the Effective Date, Hillhouse ceases to beneficially own at least 20% of the Shares issued to it under the Purchase Agreement, this Agreement shall not become effective and shall be of no further force or effect. If the Company adopts a classified Board, the Company shall take all Necessary Action to cause the Hillhouse Designee to be part of the class with the longest remaining term. In the event that the Hillhouse Designee shall cease to serve as a director for any reason, the Company shall take all Necessary Action to ensure that the vacancy resulting therefrom is not filled until Hillhouse has designated a replacement and the Company shall take all Necessary Action to cause the vacancy to be filled by any replacement Hillhouse Designee as soon as practicable following Hillhouse's designation of a replacement pursuant to the above provisions. The Company shall take all Necessary Action to appoint the Hillhouse Designee to any committee of the Board that Hillhouse requests, provided that the Hillhouse Designee shall be a director and shall be eligible to serve on such committee under applicable law or listing standard.

3. Transfer of Rights. None of the rights or obligations in this Letter Agreement may be transferred or assigned by either party hereto without the prior written consent of the other party.

4. Termination. If this Letter Agreement is not earlier terminated pursuant to Section 2 hereof, this Letter Agreement shall terminate and be of no further force or effect at such time as Hillhouse ceases to beneficially own at least 5% of the outstanding voting stock of the Company, or upon the later of (i) eighteen (18) months following the Effective Date or (2) six (6) months following the date of the Asthma Data Read-Out.

5. Governing Law. This Letter Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.

6. Counterparts. This Letter Agreement may be executed in one or more counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which together shall be deemed to constitute one and the same instrument.

7. Amendments and Waivers. This Letter Agreement may be amended and the observance of any provision herein may be waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of both parties hereto.

8. Entire Agreement. This Letter Agreement constitutes the entire agreement among the parties with respect to the subject matter hereof and supersedes all prior agreement and understandings, both written and oral, among the parties with respect to the subject matter hereof.

*[Remainder of page intentionally left blank]*



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If you agree with the terms of this Letter Agreement, kindly countersign below.

Regards,

Gossamer Bio, Inc.

By: /s/ Faheem Hasnain

Name: Faheem Hasnain

Its: Chief Executive Officer

ACKNOWLEDGED, ACCEPTED AND AGREED:

HH Goss Holdings LLC

By: /s/ Colm O'Connell

Name: Colm O'Connell

Its: Authorized Signatory

Dated: July 20, 2018

**List of Subsidiaries of  
Gossamer Bio, Inc.**

<u>Name</u>	<u>Jurisdiction of Incorporation or Organization</u>
GB001, Inc.	Delaware
GB002, Inc.	Delaware
GB004, Inc.	Delaware
Gossamer Bio Services, Inc.	Delaware

**Consent of Independent Registered Public Accounting Firm**

We consent to the reference to our firm under the caption “Experts” and to the use of our report dated October 11, 2018, in the Registration Statement on Form S-1 and related Prospectus of Gossamer Bio, Inc. for the registration of shares of its common stock.

/s/ Ernst & Young LLP

San Diego, California  
December 21, 2018