UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2020

OR

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

For the transition period from _____ to _____

Commission File Number: 001-38682

KODIAK SCIENCES INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**27-0476525**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
2631 Hanover Street Palo Alto, CA	**94304**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (650) 281-0850

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.0001	KOD	The Nasdaq Stock Market LLC

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

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

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

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

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

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

As of July 31, 2020, the registrant had 44,712,259 shares of common stock, $0.0001 par value per share, outstanding.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, or Exchange Act. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends affecting the financial condition of our business. Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on information available at the time those statements are made and/or management's good faith beliefs as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements.

Forward-looking statements include all statements that are not historical facts. In some cases, you can identify forward-looking statements by terms such as "may," "might," "will," "objective," "intend," "should," "could," "can," "would," "expect," "believe," "anticipate," "project," "target," "design," "estimate," "predict," "potential," "plan" or the negative of these terms, or similar expressions and comparable terminology intended to identify forward-looking statements. These statements reflect our current views with respect to future events and are based on assumptions and subject to risks and uncertainties, including those set forth under the section of this Quarterly Report on Form 10-Q titled "Part II, Item 1A — Risk Factors" and elsewhere in this report. Forward-looking statements include, but are not limited to, statements about:

- the success, cost and timing of our development activities, preclinical studies, clinical trials and regulatory filings;
- the translation of our preclinical results and data and early clinical trial results in particular relating to safety, efficacy and durability into future clinical trials in humans;
- the continued durability, efficacy and safety of our product candidates;
- our ability to achieve our "2022 Vision" of a Biologics License Application, or BLA, of KSI-301 in 2022;
- the number, size and design of clinical trials that regulatory authorities may require to obtain marketing approval, including the order and number of clinical studies required to support a BLA in wet age-related macular degeneration, or wet AMD, diabetic macular edema, or DME, retinal vein occlusion, or RVO, and diabetic retinopathy, or DR;
- the timing or likelihood of regulatory filings and approvals, including the potential to achieve the U.S. Food and Drug Administration, or FDA, approval of KSI-301 in wet AMD, DME, RVO and DR;
- our ability to obtain and maintain regulatory approval of our product candidates, and any related restrictions, limitations and/or warnings in the label of any approved product candidate;
- our ability to obtain funding for our operations, including funding necessary to develop, manufacture and commercialize our product candidates;
- the rate and degree of market acceptance of our product candidates;
- the success of competing products or platform technologies that are or may become available;
- our plans and ability to establish sales, marketing and distribution infrastructure to commercialize any product candidates for which we obtain approval;
- our expectation as to the concentration of retinal specialists in the United States and its impact on our sales and marketing plans;
- our expectations regarding our ability to enter into manufacturing-related commitments, and the timing thereof;
- future agreements with third parties in connection with the commercialization of our product candidates;
- the size and growth potential of the markets for our product candidates, if approved for commercial use, and our ability to serve those markets;
- existing regulations and regulatory developments in the United States and foreign countries;
- the expected potential benefits of strategic collaboration agreements and our ability to attract collaborators with development, regulatory and commercialization expertise;

- the scope of protection we are able to establish and maintain for intellectual property rights covering our product candidates and technology;
- potential claims relating to our intellectual property and third-party intellectual property;
- our ability to contract with third-party suppliers and manufacturers and their ability to perform adequately;
- the pricing and reimbursement of our product candidates, if approved;
- our estimates regarding the impact of the novel coronavirus, or COVID-19, pandemic on our business and operations, the business and operations of our collaborators, and on the global economy;
- our ability to attract and retain key managerial, scientific and medical personnel;
- the accuracy of our estimates regarding the sufficiency of our cash resources, expenses, future revenue, capital requirements and needs for additional financing;
- our financial performance; and
- our expectations regarding the period during which we qualify as an emerging growth company under the JOBS Act.

All forward-looking statements are based on information available to us on the date of this Quarterly Report on Form 10-Q and we will not update any of the forward-looking statements after the date of this Quarterly Report on Form 10-Q, except as required by law. Our actual results could differ materially from those discussed in this Quarterly Report on Form 10-Q. The forward-looking statements contained in this Quarterly Report on Form 10-Q, and other written and oral forward-looking statements made by us from time to time, are subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated in the forward-looking statements, and you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame, or at all. Factors that might cause such a difference include, but are not limited to, those discussed in the following discussion and within the section of this Quarterly Report on Form 10-Q titled "Part II, Item 1A — Risk Factors".

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 Quarterly Report on Form 10-Q, and although 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 a thorough inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

All brand names or trademarks appearing in this report are the property of their respective holders. Unless the context requires otherwise, references in this report to "Kodiak" the "Company," "we," "us," and "our" refer to Kodiak Sciences Inc.

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Item 1. Financial Statements (Unaudited).

Kodiak Sciences Inc.
Condensed Consolidated Balance Sheets
(in thousands, except share and per share amounts)
(Unaudited)

	June 30, 2020	December 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	$ 269,836	$ 211,797
Marketable securities	147,298	124,684
Prepaid expenses and other current assets	1,880	2,749
Total current assets	419,014	339,230
Marketable securities	—	11,696
Restricted cash	140	140
Property and equipment, net	1,106	996
Operating lease right-of-use asset	1,591	1,790
Other assets	7,517	5,014
Total assets	$ 429,368	$ 358,866
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 7,034	$ 2,619
Accrued and other current liabilities	11,273	8,658
Operating lease liability	462	434
Total current liabilities	18,769	11,711
Operating lease liability, net of current portion	1,263	1,501
Liability related to sale of future royalties	99,863	—
Other liabilities	276	295
Total liabilities	120,171	13,507
Commitments and contingencies (Note 6)		
Stockholders' equity:		
Preferred stock, $0.0001 par value, 10,000,000 shares authorized; 0 shares issued and outstanding at June 30, 2020 and December 31, 2019	—	—
Common stock, $0.0001 par value, 490,000,000 shares authorized at June 30, 2020 and December 31, 2019; 44,667,016 and 44,413,404 shares issued and outstanding at June 30, 2020 and December 31, 2019, respectively	5	5
Additional paid-in capital	517,120	503,475
Accumulated other comprehensive income	594	10
Accumulated deficit	(208,522)	(158,131)
Total stockholders' equity	309,197	345,359
Total liabilities and stockholders' equity	$ 429,368	$ 358,866

The accompanying notes are an integral part of these condensed consolidated financial statements.

Kodiak Sciences Inc.
Condensed Consolidated Statements of Operations and Comprehensive Loss
(in thousands, except share and per share amounts)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	**2019**	**2020**	**2019**
Operating expenses				
Research and development	$ 20,557	$ 8,838	$ 40,727	$ 14,561
General and administrative	6,222	2,976	11,775	5,713
Total operating expenses	26,779	11,814	52,502	20,274
Loss from operations	(26,779)	(11,814)	(52,502)	(20,274)
Interest income	698	331	1,906	793
Interest expense	(6)	(2)	(13)	(6)
Other income (expense), net	88	100	218	118
Net loss	$ (25,999)	$ (11,385)	$ (50,391)	$ (19,369)
Net loss per common share, basic and diluted	$ (0.58)	$ (0.31)	$ (1.12)	$ (0.52)
Weighted-average common shares outstanding used in computing net loss per common share, basic and diluted	44,969,795	37,294,853	44,897,269	37,271,638
Other comprehensive income				
Change in unrealized gains related to available-for-sale debt securities, net of tax	105	6	584	12
Total other comprehensive income	105	6	584	12
Comprehensive loss	$ (25,894)	$ (11,379)	$ (49,807)	$ (19,357)

The accompanying notes are an integral part of these condensed consolidated financial statements.

Kodiak Sciences Inc.
Condensed Consolidated Statements of Stockholders' Equity
(in thousands, except share and per share amounts)
(Unaudited)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balances at December 31, 2019	44,413,404	$ 5	$ 503,475	$ 10	$ (158,131)	$ 345,359
Issuance of common stock upon exercise of stock options	39,297	—	159	—	—	159
Stock-based compensation expense	—	—	6,082	—	—	6,082
Other comprehensive income	—	—	—	479	—	479
Net loss	—	—	—	—	(24,392)	(24,392)
Balances at March 31, 2020	44,452,701	5	509,716	489	(182,523)	327,687
Issuance of common stock upon exercise of stock options	203,373	—	720	—	—	720
Issuance of common stock upon vesting of restricted stock units, net of taxes withheld	10,942	—	(206)	—	—	(206)
Stock-based compensation expense	—	—	6,890	—	—	6,890
Other comprehensive income	—	—	—	105	—	105
Net loss	—	—	—	—	(25,999)	(25,999)
Balances at June 30, 2020	44,667,016	5	517,120	594	(208,522)	309,197

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balances at December 31, 2018	36,829,857	$ 4	$ 197,595	$ —	$ (110,766)	$ 86,833
Issuance of common stock upon exercise of stock options	80,000	—	83	—	—	83
Stock-based compensation expense	—	—	1,157	—	—	1,157
Other comprehensive income	—	—	—	6	—	6
Net loss	—	—	—	—	(7,984)	(7,984)
Balances at March 31, 2019	36,909,857	4	198,835	6	(118,750)	80,095
Issuance of common stock upon exercise of stock options	21,284	—	59	—	—	59
Stock-based compensation expense	—	—	1,244	—	—	1,244
Other comprehensive income	—	—	—	6	—	6
Net loss	—	—	—	—	(11,385)	(11,385)
Balances at June 30, 2019	36,931,141	4	200,138	12	(130,135)	70,019

The accompanying notes are an integral part of these condensed consolidated financial statements.

Kodiak Sciences Inc.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(Unaudited)

	Six Months Ended June 30,	
	2020	**2019**
Cash flows from operating activities		
Net loss	$ (50,391)	$ (19,369)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	216	260
Stock-based compensation	12,972	2,401
Amortization (accretion) of premium (discount) on marketable securities	(231)	(118)
Amortization of operating lease right-of-use asset	199	182
Amortization of issuance costs	22	—
Changes in assets and liabilities:		
Prepaid expenses and other current assets	933	(152)
Other assets	(2,305)	(4,059)
Accounts payable	4,338	1,342
Accrued and other current liabilities	2,620	(459)
Operating lease liability	(210)	(185)
Net cash used in operating activities	(31,837)	(20,157)
Cash flows from investing activities		
Purchase of property and equipment	(249)	(126)
Purchase of marketable securities	(86,317)	(35,066)
Maturities of marketable securities	76,150	12,000
Net cash used in investing activities	(10,416)	(23,192)
Cash flows from financing activities		
Proceeds from issuance of common stock upon options exercise	879	114
Payments for restricted stock units, net of taxes withheld	(206)	—
Proceeds from sale of future royalties, net of issuance costs	99,643	—
Principal payments of capital lease	(5)	(34)
Principal payments of tenant improvement allowance payable	(19)	(18)
Net cash provided by financing activities	100,292	62
Net increase (decrease) in cash, cash equivalents and restricted cash	58,039	(43,287)
Cash, cash equivalents and restricted cash, at beginning of period	211,937	88,394
Cash, cash equivalents and restricted cash, at end of period	$ 269,976	$ 45,107
Reconciliation of cash, cash equivalents and restricted cash to consolidated balance sheets		
Cash and cash equivalents	$ 269,836	$ 44,967
Restricted cash	140	140
Cash, cash equivalents and restricted cash in consolidated balance sheets	$ 269,976	$ 45,107
Supplemental disclosures of non-cash investing and financing information:		
Operating lease right-of-use asset obtained in exchange for operating lease liability	$ —	$ 2,163
Purchase of property and equipment under accounts payable	$ 77	$ 137

The accompanying notes are an integral part of these condensed consolidated financial statements.

1. The Company

Kodiak Sciences Inc. (the "Company") is a biopharmaceutical company committed to researching, developing and commercializing transformative therapeutics to treat high prevalence retinal diseases in the United States and additional international markets. The Company devotes substantially all of its resources to the research and development of its product candidates including activities to conduct clinical studies of its product candidates, manufacture product candidates and provide general and administrative support for these operations.

Liquidity

As of June 30, 2020, the Company had cash, cash equivalents and marketable securities of $417.1 million. Although the Company has incurred significant operating losses since inception and expects to continue to incur operating losses and negative operating cash flows for the foreseeable future, the Company believes that the cash, cash equivalents and marketable securities will be sufficient to meet the anticipated operating and capital expenditure requirements for the 12 months following the date of this Form 10-Q.

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The accompanying condensed consolidated financial statements are unaudited and have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") applicable to interim periods. The condensed consolidated financial statements, in the opinion of management, include all normal and recurring adjustments necessary to present fairly the Company's financial position and results of operations for the reported periods.

These condensed consolidated financial statements have been prepared on a basis substantially consistent with, and should be read in conjunction with the audited financial statements for the year ended December 31, 2019 and notes thereto, included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on March 16, 2020. Certain information and note disclosures normally included in the audited financial statements prepared in accordance with GAAP have been condensed or omitted from this report. The results of operations for any interim period are not necessarily indicative of the results for the year ending December 31, 2020, or for any future period.

The accompanying condensed consolidated financial statements reflect the operations of the Company and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated.

Reclassification

Certain prior period amounts have been reclassified to conform to the current period presentation. Such reclassifications had no impact on subtotals in the prior year condensed consolidated financial statements.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the date of the condensed consolidated financial statements and expenses during the reporting period. The impact of the ongoing COVID-19 pandemic continues to evolve. As a result, certain estimates and assumptions required increased judgment and carried a higher degree of variability and volatility, including but not limited to, the fair value of marketable securities, performance-based equity awards, and research and development accruals for the three and six months ended June 30, 2020. As events continue to unfold and additional information becomes available, these estimates may change materially in future periods. Actual results could differ from those estimates.

Risks and Uncertainties

In March 2020, the World Health Organization declared a pandemic due to the global COVID-19 outbreak. The significant uncertainties caused by the ongoing COVID-19 pandemic may negatively impact the Company's operations, liquidity, and capital resources, and will depend on certain evolving developments, including the duration and spread of the outbreak, regulatory and private sector responses and the impact on employees and vendors including supply chain and clinical partners, all of which are uncertain and cannot be predicted. During this pandemic, the Company continues to work closely with clinical sites towards maximal patient safety and the lowest number of missed visits and study discontinuations. The Company has taken and continues to take proactive measures to maintain the integrity of its ongoing clinical studies. Despite these efforts, the ongoing COVID-19 pandemic could significantly impact clinical trial enrollment and completion of its clinical studies. The Company will continue to monitor the COVID-19 situation and its impact on the ability to continue the development of, and seek regulatory approvals for, the Company's product candidates, and begin to commercialize any approved products.

Summary of Significant Accounting Policies

The significant accounting policies used in preparation of these condensed consolidated financial statements for the three and six months ended June 30, 2020 are consistent with those discussed in Note 2 to the consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2019, except as noted below with respect to the Company's liability related to sale of future royalties and as noted within the "Recent Accounting Pronouncements – Recently Adopted Accounting Pronouncements" section.

Liability related to Sale of Future Royalties

On December 1, 2019, the Company and its subsidiary Kodiak Sciences GmbH entered into a funding agreement with Baker Bros. Advisors, LP ("BBA"), which holds more than 5% of the Company's stock, pursuant to which BBA purchased the right to receive a capped 4.5% royalty on future net sales of KSI-301, the Company's anti-VEGF antibody biopolymer conjugate therapy, in exchange for $225.0 million. Under the terms of the funding agreement, there is no obligation to repay any funding amount received, other than through the capped royalty payments on future product revenues. The Company recorded the funding amount paid by BBA as a liability on the consolidated balance sheet net of issuance costs, in accordance with ASC 730, *Research and Development*. Under ASC 730, the significant related party relationship between the Company and BBA creates an implicit obligation to repay the funding amount paid to the Company. Once royalty payments to BBA are determined to be probable and estimable, and if such amounts exceed the liability balance, the Company will impute interest to accrete the liability on a prospective basis based on such estimates. If and when the Company makes royalty payments under the funding agreement, it would reduce the liability balance at such time. Refer to Note 7.

Credit Losses – Available-for-Sale Debt Securities

For available-for-sale debt securities in an unrealized loss position, the Company will periodically assess its portfolio for impairment. The assessment first considers the intent or requirement to sell the security. If either of these criteria are met, the amortized cost basis will be written down to fair value through earnings.

If not met, the Company will evaluate whether the decline resulted from credit losses or other factors by considering the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and any adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security is compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses will be recorded, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income or loss, as applicable.

Recent Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board ("FASB"), under its ASC or other standard setting bodies, and adopted by the Company as of the specified effective date, unless otherwise discussed below.

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Statements*, which intends to improve financial reporting by requiring earlier recognition of credit losses on certain financial assets, such as available-for-sale debt securities. The Company assessed the impact of ASU 2016-13 on its available-for-sale debt securities and determined there were no credit losses within the portfolio requiring an allowance upon adoption. The Company adopted this new guidance as of January 1, 2020, which did not impact its consolidated financial statements and related disclosures.

In August 2018, the FASB issued ASU 2018-13, *Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurements*, which eliminates, adds and modifies certain disclosure requirements for fair value measurements as part of the FASB's disclosure framework project. Among the changes, entities will no longer be required to disclose the amount of and reasons for transfers between Levels 1 and 2 of the fair value hierarchy, but will be required to disclose the range and weighted average used to develop significant unobservable inputs for Level 3 fair value measurements. The Company adopted this new guidance as of January 1, 2020, which did not impact its consolidated financial statements and related disclosures.

In August 2018, the FASB issued ASU 2018-15, *Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*, which clarifies the accounting for implementation, set-up, and other upfront costs incurred in cloud computing arrangements. The Company adopted this new guidance as of January 1, 2020, which did not impact its consolidated financial statements and related disclosures.

New Accounting Pronouncements Not Yet Adopted

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which is intended to simplify the accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. The new standard will be effective beginning January 1, 2021. The Company is currently evaluating the impact of adopting this guidance on its consolidated financial statements and related disclosures.

3. Accrued and Other Current Liabilities

Accrued and other current liabilities consist of the following (in thousands):

	June 30, 2020	December 31, 2019
Accrued research and development	$ 8,353	$ 4,894
Accrued salaries and benefits	2,165	3,108
Accrued legal fees	246	302
Accrued professional fees	175	195
Accrued other liabilities	334	159
Total accrued and other current liabilities	$ 11,273	$ 8,658

4. Fair Value Measurements

The following tables present the Company's fair value hierarchy for assets measured at fair value on a recurring basis (in thousands):

	Fair Value Measurements at June 30, 2020			
	Level 1	Level 2	Level 3	Total
Cash equivalents:				
Money market funds	$ 227,060	$ —	$ —	$ 227,060
Marketable securities:				
U.S. treasury securities	—	60,410	—	60,410
Commercial paper	—	43,877	—	43,877
Corporate notes	—	43,011	—	43,011
Total	$ 227,060	$ 147,298	$ —	$ 374,358

	Fair Value Measurements at December 31, 2019			
	Level 1	Level 2	Level 3	Total
Cash equivalents:				
Money market funds	$ 155,276	$ —	$ —	$ 155,276
Repurchase agreements	50,000	—	—	50,000
Commercial paper	—	5,987	—	5,987
Marketable securities:				
U.S. treasury securities	—	50,185	—	50,185
Commercial paper	—	34,533	—	34,533
Corporate notes	—	51,662	—	51,662
Total	$ 205,276	$ 142,367	$ —	$ 347,643

5. Marketable Securities

The marketable securities are classified as available-for-sale and consist of U.S. treasury securities, commercial paper and corporate notes. The fair value measurement data for marketable securities is obtained from independent pricing services. The Company validates the prices provided by the third-party pricing services by understanding the valuation methods and data sources used and analyzing the pricing data in certain instances.

The following table summarizes the marketable securities held at June 30, 2020 and December 31, 2019 (in thousands):

As of June 30, 2020	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. treasury securities	$ 60,120	$ 290	$ —	$ 60,410
Commercial paper	43,877	—	—	43,877
Corporate notes	42,707	304	—	43,011
Total marketable securities, current	$ 146,704	$ 594	$ —	$ 147,298

As of December 31, 2019	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. treasury securities	$ 50,190	$ —	$ (5)	$ 50,185
Commercial paper	34,532	1	—	34,533
Corporate notes	39,956	13	(3)	39,966
Total marketable securities, current	$ 124,678	$ 14	$ (8)	$ 124,684
Corporate notes	$ 11,692	$ 4	$ —	$ 11,696
Total marketable securities, noncurrent	$ 11,692	$ 4	$ —	$ 11,696

All marketable securities held at June 30, 2020 and December 31, 2019 had contractual maturities of less than 18 months. There were no realized gains or losses recognized on the sale or maturity of available-for-sale debt securities during the three and six months ended June 30, 2020 and 2019, respectively, and as a result, the Company did not reclassify any amounts out of accumulated comprehensive loss. As of June 30, 2020 and December 31, 2019, the Company had no allowance for credit losses for available-for-sale debt securities. There were no impairment charges or recoveries recorded during each of the three and six months ended June 30, 2020 and 2019.

6. Commitments and Contingencies

Leases

As of June 30, 2020, the Company has a lease agreement for office and laboratory space at 2631 Hanover Street in Palo Alto, California through October 2023.

In April 2020, the Company entered into a lease agreement for office and laboratory space at Rottenstrasse 5 in Visp, Switzerland. The space is approximately 1,000 square meters. The monthly rent during the initial 5-year term will be approximately 0.03 million Swiss Francs.

In June 2020, the Company entered into lease agreements for two buildings at 1200 and 1250 Page Mill Road in Palo Alto, California, which are expected to serve as its corporate headquarters. The facilities are approximately 82,662 square feet and 72,812 square feet, respectively, and includes office and laboratory space. For 1200 Page Mill Road, the monthly rent during the initial 6.5-year term will be approximately $0.6 million, with annual year-over-year increases of 3% and total rent abatement of approximately $7.2 million. For 1250 Page Mill Road, the monthly rent during the initial 13-year term will be approximately $0.5 million, with annual year-over-year increases of 3% and total rent abatement of approximately $6.3 million.

As of June 30, 2020, the Company did not have control of these spaces at Rottenstrasse 5 and 1200 and 1250 Page Mill Road and therefore, did not record right-of-use assets and corresponding lease liabilities. These commitments are not included in the below table.

The maturities of the operating lease liabilities as of June 30, 2020 were as follows (in thousands):

Year ending December 31,	As of June 30, 2020
2020	$ 244
2021	$ 598
2022	$ 616
2023	$ 526
Total undiscounted lease payments	$ 1,984
Less: imputed interest	$ (259)
Total operating lease liabilities	$ 1,725

Other Commitments and Contingencies

The Company has entered into service agreements with a variety of service providers, pursuant to which such service providers agreed to perform activities in connection with the manufacturing of certain materials. Such agreements, and related amendments, state that planned activities that are included in the signed work orders are, in some cases, binding and, hence, obligate the Company to pay the full price of the work order upon satisfactory delivery of products and services or obligate the Company to the binding amount regardless of whether such planned activities are in fact performed. Per the terms of the agreements, the Company has the option to cancel signed orders at any time upon written notice, which may or may not be subject to payment of a cancellation fee. The level of cancellation fees may be dependent on the timing of the written notice in relation to the commencement date of the work, with the maximum cancellation amount dependent on the agreement or the work order. As of June 30, 2020 and December 31, 2019, the total amount of cancelable and/or non-cancelable purchase obligations, including accrued amounts, under these agreements were $38.6 million and $4.7 million, respectively. Expense recognized under these agreements during the period, including amounts paid and accrued, for the three and six months ended June 30, 2020 were $3.5 million and $7.6 million, respectively, and for the three and six months ended June 30, 2019 were $2.4 million and $3.4 million, respectively. As of June 30, 2020, the Company had not incurred any cancellation fees. The Company has also entered into various cancellable license agreements for certain technology. The Company may be obligated to make payments on future sales of specified products associated with such license agreements. Such payments are dependent on future product sales and are not estimable.

Legal Proceedings

From time to time, the Company may become involved in legal proceedings arising from the ordinary course of its business. Management is currently not aware of any matters that could have a material adverse effect on the Company's financial position, results of operations or cash flows. The Company records a legal liability when it believes that it is both probable that a liability may be imputed, and the amount of the liability can be reasonably estimated. Significant judgment by the Company is required to determine both probability and the estimated amount.

Indemnification

To the extent permitted under Delaware law, the Company has agreed to indemnify its directors and officers for certain events or occurrences while the director or officer is, or was serving, at the Company's request in such capacity. The indemnification period covers all pertinent events and occurrences during the director's or officer's service. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is not specified in the agreements; however, the Company has director and officer insurance coverage that reduces its exposure and enables the Company to recover a portion of any future amounts paid. The Company believes the estimated fair value of these indemnification agreements in excess of applicable insurance coverage is minimal.

7. Liability related to Sale of Future Royalties

On December 1, 2019, the Company and its subsidiary Kodiak Sciences GmbH entered into a funding agreement with Baker Bros. Advisors, LP ("BBA"), which holds more than 5% of the Company's stock, pursuant to which BBA purchased the right to receive a capped 4.5% royalty on future net sales of KSI-301, the Company's anti-VEGF antibody biopolymer conjugate therapy, in exchange for $225.0 million. The royalty terminates upon the date that BBA has received an aggregate amount equal to 4.5 times the funding amount paid to the Company, unless earlier terminated or repurchased by the Company. Under the terms of the funding agreement, there is no obligation to repay any funding amount received, other than through the capped royalty payments on future product revenues. The Company has the option, exercisable at any point during the term of the funding agreement, to repurchase 100% of the royalties due to BBA for a purchase price equal to 4.5 times the funding amount paid to the Company as of such time, less amounts paid by the Company to BBA.

The closing of the funding agreement was subject to certain conditions and occurred in February 2020. The Company received $100.0 million of the funding on February 4, 2020. The remaining $125.0 million shall be payable to the Company upon enrollment of 50% of the patients in the planned RVO clinical program.

The Company recorded the initial $100.0 million payment as a liability on the consolidated balance sheet net of issuance costs, in accordance with ASC 730, *Research and Development*. Under ASC 730, the significant related party relationship between the Company and BBA creates an implicit obligation to repay the funding amount paid to the Company. Once royalty payments to BBA are determined to be probable and estimable, and if such amounts exceed the liability balance, the Company will impute interest to accrete the liability on a prospective basis based on such estimates. If and when the Company makes royalty payments under the funding agreement, it would reduce the liability balance at such time.

8. Stock-Based Compensation

In January 2020 and 2019, the number of shares of common stock available for issuance under the 2018 Equity Incentive Plan was increased by approximately by 1.8 million and 1.5 million shares, respectively, as a result of the automatic increase provision in the 2018 Plan.

Stock Options

Stock option activity under the 2018 Plan and 2015 Equity Incentive Plan is summarized as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding at December 31, 2019	6,671,542	$ 25.22	8.73	$ 362,081
Granted	948,560	$ 53.78		
Exercised	(242,670)	$ 3.65		
Forfeited or canceled	(73,144)	$ 20.48		
Outstanding at June 30, 2020	7,304,288	$ 23.01	8.51	$ 246,301

Restricted Shares

Restricted share activity, including restricted stock awards, restricted stock units, and performance-based restricted stock units, under the 2018 Plan and 2015 Plan is summarized as follows:

	Number of Restricted Shares	Weighted Average Grant Date Fair Value
Unvested at December 31, 2019	160,747	$ 60.81
Granted	179,345	$ 49.52
Vested	(12,789)	$ 8.62
Shares withheld related to net share settlement of RSUs	(4,058)	$ 9.90
Canceled	(4,250)	$ 73.51
Unvested at June 30, 2020	318,995	$ 57.03

Performance-Based Stock Options and Restricted Stock Units

The Company granted 170,150 performance-based stock options and 128,900 performance-based restricted stock units (“RSUs”) to employees in 2019. These performance-based equity awards will vest one-quarter upon the achievement of specific clinical development milestones. The remaining shares will then vest in three equal annual installments after that date. Performance-based stock options and performance-based restricted stock units are recorded as expense beginning when vesting events are determined to be probable.

None of these performance-based equity awards vested during 2019. The Company believes that the achievement of the requisite performance condition continues to be probable. Stock-based compensation expense recognized was $1.8 million and $3.6 million during the three and six months ended June 30, 2020, respectively, and none during the three and six months ended June 30, 2019, respectively.

Stock-Based Compensation Expense

Stock-based compensation for options and restricted shares is classified in the condensed consolidated statements of operations and comprehensive loss as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Research and development	$ 3,776	$ 703	$ 7,224	$ 1,409
General and administrative	3,114	541	5,748	992
Total stock-based compensation	$ 6,890	$ 1,244	$ 12,972	$ 2,401

As of June 30, 2020, the unrecognized stock-based compensation of unvested stock options, restricted stock units, and performance-based options and restricted stock units was $103.0 million and it is expected to be recognized over a weighted-average period of 3.48 years.

9. Net Loss per Common Share

The following common share equivalents were excluded from the computation of diluted net loss per common share for the periods presented because their inclusion would have been antidilutive:

	As of June 30,	
	2020	**2019**
Outstanding stock options	7,304,288	5,468,167
Unvested restricted shares	318,995	16,320
Total	7,623,283	5,484,487

Item 2. 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 unaudited condensed consolidated financial statements and the related notes included elsewhere in this report and with our audited financial statements and related notes thereto and management's discussion and analysis of financial condition and results of operations for the year ended December 31, 2019, included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission, or the SEC, on March 16, 2020. This discussion and analysis and other parts of this report contain forward-looking statements based upon current beliefs, plans and expectations related to future events and our future financial performance that involve risks, uncertainties and assumptions, such as statements regarding our intentions, plans, objectives, expectations, forecasts and projections. Our actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of several factors, including those set forth under the section of this report titled "Part II, Item 1A — Risk Factors" and elsewhere in this report.

Overview

Our goal is to prevent and treat the major causes of blindness by developing next-generation therapeutics for chronic, high-prevalence retinal diseases.

Throughout 2019 and into 2020, we have generated clinical data with our most advanced product candidate, KSI-301, a biologic therapy built with our antibody biopolymer conjugate platform, or ABC Platform, which is designed to maintain potent and effective drug levels in ocular tissues for longer periods than the currently-marketed biologic medicines used to treat retinal diseases. To date, KSI-301 has been administered approximately 1,100 times to approximately 325 patients. We believe that KSI-301, if approved, has the potential to be an important therapy to treat patients with wet age-related macular degeneration, or wet AMD, diabetic retinopathy, or DR, including diabetic macular edema, or DME, and macular edema due to retinal vein occlusion, or RVO.

In our ongoing Phase 1b clinical study, in which enrollment is complete, we have administered multiple doses of KSI-301 to treatment-naïve patients with wet AMD, DME or RVO, and we continue to observe promising safety, efficacy, and clinical durability data emerging in each of the retinal diseases under study. We believe the data support an acceleration of efforts to bring KSI-301 to the market in these retinal diseases and that the data lend confidence to the design of our current and planned pivotal (registrational) studies of KSI-301. We believe these clinical studies, if successful, may demonstrate a meaningfully differentiated clinical profile of KSI-301 as compared to current therapies, and we also believe that this profile would allow KSI-301 to compete effectively in the evolving commercial and product landscape. The potential clinical (and thus commercial/competitive) advantages of a long-acting retinal therapeutic such as KSI-301 go well beyond fewer and less frequent injections over time and also include the potential for patients to better retain their vision over the long term due to fewer missed treatments or drug holidays resulting from more manageable treatment schedules. Moreover, a longer-acting medicine allows patients with vision-threatening diseases to remain on effective treatment even in context of treatment disruptions in the ordinary course (such as missed visits due to travel or concurrent illnesses), as well as extraordinary disruptions of regular treatment such as that exemplified by the COVID-19 pandemic, where more frequent clinic visits may not be possible or allowed in certain regions or countries.

Based on the encouraging data that continue to be observed in our Phase 1b study, we are planning to expand the KSI-301 clinical pivotal program in the second half of 2020, and we have entered into the manufacturing-related commitments necessary for KSI-301's commercial scale-up and BLA submission. We believe the intersection of these clinical and manufacturing activities remain on track per our "2022 Vision" to submit a single BLA for wet AMD, DME and RVO in calendar year 2022.

In 2019, we completed an End of Phase 2 meeting with the FDA where we agreed on the order and number of clinical studies required to support the licensure of KSI-301 in wet AMD, DME, RVO and non-proliferative DR (NPDR without DME). We confirmed that two studies conducted in a single indication are expected by FDA in order to demonstrate the initial safety and efficacy of KSI-301 and that one study each in the additional disease indications, if successful, can be used to support approval in the additional indications. We currently plan to begin patient recruitment in our pivotal studies in DME, RVO and potentially DR (without DME) in 2020, and the pivotal study for wet AMD began recruiting in the third quarter of 2019.

Following our communications with FDA at the time of our End of Phase 2 meetings as well as subsequent communications, we have further upgraded our pivotal study program and now intend to conduct two Phase 3 studies (GLEAM and GLIMMER) in DME to provide the mutually-confirmatory studies required by FDA for initial demonstration of safety and efficacy, one Phase 2/3 study in wet AMD (our ongoing DAZZLE study), one Phase 3 study in RVO (BEACON), and one Phase 3 study in NPDR without DME (GLOW). By conducting our paired studies in DME, we are able to generate additional data on the safety, efficacy and durability of KSI-301 in this area of high unmet need and commercial opportunity, while also narrowing the number of sites and countries required for successful enrollment of the entire pivotal program. We expect a majority of research sites to be located in the US with contributions from EU countries and China. Given that we are seeing strong new patient enrollment and low missed visit rates in our DAZZLE wet AMD pivotal study in the US despite the ongoing COVID-19 pandemic, we believe refocusing the KSI-301 program has helped minimize uncertainty with respect to clinical trial conduct during and through the COVID-19 pandemic and towards our "2022 Vision." Additional specific reasons for running paired DME pivotals (and one RVO pivotal) include: fewer countries and sites needed for two DME studies versus two RVO studies (avoiding the cost and logistical burdens of opening and supporting clinical trial

sites that would only participate in RVO studies); better oversight of operational execution (essentially all sites can concurrently enroll treatment naïve patients in wet AMD, DME and RVO); higher unmet need in DME versus RVO; marginal, if any, increase in overall trial execution costs; and the potential for similar timelines for two DME versus two RVO pivotals. On top of these operational considerations, we remain pleased with the DME clinical data we are seeing in the Phase 1b study and want to align greater clinical data generation in DME given the larger number of diabetic patients and higher unmet need and market opportunity as compared to that of RVO.

The ABC Platform and KSI-301 were developed at Kodiak, and we own rights to these assets in key geographies including the US, EU, China and other major countries. We have applied our ABC Platform to develop additional product candidates beyond KSI-301, including KSI-501, our bispecific anti-IL-6/VEGF bioconjugate, and we are expanding our early research pipeline to include ABC Platform-based triplet inhibitors for multifactorial retinal diseases such as dry AMD and the neurodegenerative aspects of glaucoma. We intend to progress these and other product candidates to address high-prevalence ophthalmic diseases.

Our overall objective is to develop our product candidates, seek FDA and worldwide health authority marketing authorization approvals, and ultimately commercialize our product candidates.

Recent Developments

We have implemented various enhancements into our ongoing study execution to help ensure the safety of patients, physicians, study site staff and Kodiak operations team members during the ongoing COVID-19 pandemic, including the use of remote study monitoring. To date, we have observed minimal disruption resulting from the evolving effects of the COVID-19 pandemic in our ongoing clinical trials. In DAZZLE, patient missed visit rates remain low (less than 5%), and clinical trial sites continue to enroll new patients. This is a testament to the serious diseases we are attempting to treat and is a vote of confidence from the patients, physicians and study sites partnering with us to advance KSI-301. With $417.1 million in cash, cash equivalents and marketable securities as of June 30, 2020, and thoughtful management of our spending, we remain on a strong financial footing.

We delayed initiation of the next set of KSI-301 pivotal studies by one quarter from June to September 2020 in order to assess how best to minimize the impact of COVID-19 on clinical trial conduct. We have taken advantage of this time to further optimize the pivotal study plan for KSI-301. We now intend to conduct two Phase 3 studies in DME (GLEAM and GLIMMER), one Phase 2/3 study in wet AMD (our ongoing DAZZLE study), one Phase 3 study in RVO (BEACON), and one Phase 3 study in non-proliferative DR (GLOW). Importantly, the data emerging in our Phase 1b study remain consistent and provide support for and confidence in our pivotal study designs.

COVID-19

In March 2020, the World Health Organization declared a pandemic related to the global COVID-19 outbreak. Governments have taken preventative and protective actions, including but not limited to, restrictions on non-essential travel, business operations, and gatherings of individuals. The State of California, where our headquarters is located in the San Francisco Bay Area, declared a state of emergency and shelter-in-place order in March 2020 which remains in effect at this time. Although certain restrictions have eased, and phased re-openings are underway, it is not certain when such restrictions will be fully lifted, and recent resurgences in number and rates of infections, reactions to increased testing and/or further spreading of the virus may result in the return or implementation of more restrictive measures. Global financial markets have also experienced extreme volatility and as a result, economic uncertainties have arisen which could impact the Company’s operations and its financial position. The extent of the impact of the ongoing COVID-19 pandemic will depend on certain evolving developments, including the duration and spread of the outbreak, regulatory and private sector responses, and the impact on our employees, vendors including supply chain and clinical partners, all of which are uncertain and cannot be predicted.

We continue to monitor government responses and may elect to temporarily close our office and/or laboratory space to protect our employees. We continue to assess the potential for supply chain disruptions as the pandemic may impact personnel at third party manufacturing facilities in China, Switzerland and other countries, as well as its impact on the availability and/or cost of materials. We continue to monitor financial markets and the impact on our operations and capital resources.

We and our key clinical and manufacturing partners have been able to continue to advance our operations. Because the diseases under study in the KSI-301 development program are serious, vision-threatening conditions for which patients are still seeking and receiving treatment from retina specialists during the pandemic, we have been able to continue advancing the clinical programs for KSI-301 during the pandemic towards achieving our “2022 Vision.”

During this pandemic, we continue to work closely with our clinical sites towards maximal patient safety and the lowest number of missed visits and study discontinuations. We have taken and continue to take proactive measures to maintain the integrity of our ongoing clinical studies. To date, we are seeing low levels of patient missed visits (<5%).

In response to the COVID-19 global pandemic with regards to business operations, clinical trials, and manufacturing activities:

- We have taken steps in line with guidance from the U.S. Centers for Disease Control and Prevention, or CDC, and the State of California to protect the health and safety of our employees and the community. In particular, the Company has implemented remote work arrangements for non-essential employees since March 17, 2020.
- We are working closely with our clinical trial sites to monitor and attempt to minimize the potential impacts of the evolving COVID-19 pandemic on patient enrollment, continued participation of patients already enrolled in our clinical studies, protocol compliance, data quality, and overall study integrity. Some specific actions we have taken in the United States include the use of remote study monitoring, temporarily increasing study site budget overhead rates, providing additional transportation service options for patients to attend study site visits and focusing on new patient enrollment only at study sites with appropriate backup resource plans in place and where the local COVID-19 situation allows. Since the month of March 2020, the rate of missed study visits has remained <5%. As of now, we have not experienced significant delays to our ongoing or planned clinical trials; however, this could change rapidly depending on the dynamics of the pandemic.
- In June 2020, we restarted patient recruitment activities at certain sites in EU countries. DAZZLE study sites in the EU were activated in the first quarter of 2020, but we deferred study patient enrollment until June due to the pandemic.
- To minimize the potential for disruption of our planned pivotal studies of KSI-301, we have refined our study designs, including sample size and country selection. We currently plan to start enrollment of our pivotal DME (GLEAM and GLIMMER) and RVO (BEACON) studies in the third quarter of 2020, and the pivotal study in non-proliferative DR (GLOW) in the fourth quarter of 2020, dependent on the continued evolution of the COVID-19 pandemic. With these planned pivotal study starts, we believe we are still on track to achieve our “2022 Vision” objective of filing a single BLA in 2022 for KSI-301 in wet AMD, DME and RVO.
- Our supply chain and manufacturing activities remain intact, and we do not currently anticipate disruptions to our supply of KSI-301 due to COVID-19.

We will continue to monitor the COVID-19 situation closely. The ultimate impact of the ongoing COVID-19 pandemic on our business operations remains highly uncertain and subject to change. We do not yet know the full extent of potential delays or impacts on our business, our clinical trials, healthcare systems or the global economy as a whole. See also the section titled “Risk Factors” for additional information on risks and uncertainties related to the evolving COVID-19 pandemic.

Our bispecific conjugate KSI-501 inhibits both interleukin 6, or IL-6, and Vascular Endothelial Growth Factor, or VEGF. Tissue based IL-6 mediated inflammatory response syndromes have been associated with severe COVID-19 disease. As such, IL-6 blockade is being explored as a novel therapeutic strategy in patients with COVID-19 disease. Similarly, tissue specific edema such as pulmonary edema is implicated in severe and critical COVID-19 disease. VEGF in the alveolar space is a potent inducer of vascular permeability and resultant pulmonary edema which plays a pathological role in lung dysfunction. Emerging data show VEGF levels are elevated in COVID-19 patients, and a Chinese clinical study is currently assessing the efficacy of anti-VEGF therapy in COVID-19. OG2072, the bispecific fusion protein used to build our ophthalmology product candidate KSI-501, binds with high affinity to both of its targets simultaneously (IL-6 and VEGF). Intriguingly, we have seen synergistic inhibition in vitro and we are interested in the possible unique benefit this synergistic inhibition may have in lung and other organs that can be severely damaged by SARS-CoV2 and the associated immunologic and tissue responses. Further, unlike currently marketed anti-VEGF and anti-IL-6R antibodies, OG2072’s Fc region is immunologically inert and does not activate immune effector functions. OG2072 may thus be beneficial in preventing further immune-mediated tissue damage in the lung, kidney, heart and other organs affected in critical illness due to COVID-19. To this end, we are advancing by six or more months the GMP manufacturing for OG2072, which could both enable a potential assessment of systemically administered OG2072 in patients with worsening COVID-19 disease (for example, as part of ongoing basket studies of potential COVID-19 therapeutics). Ancillary benefits of this acceleration include the use of GMP material for KSI-501 toxicology program and a more predictable IND submission and First in Human timeline for KSI-501 in patients with retinal vascular diseases featuring an inflammatory component.

Business Highlights

Recent highlights of our activities included:

- *Optimized Pivotal Study Program:* We have finalized the design of our pivotal study program. We intend to conduct two Phase 3 studies in DME (GLEAM and GLIMMER) to provide the mutually-confirmatory studies required by FDA for initial demonstration of safety and efficacy, one study in wet AMD (our ongoing DAZZLE study), one study in RVO (BEACON), and one study in NPDR without DME (GLOW). Each study protocol design has been optimized based on Phase 1b data and experience and will include the same patient populations, tighter dosing interval ranging, tighter disease control, decreased subjectivity and high statistical power for non-inferiority.
- *DAZZLE Study Progress:* Recruitment into our DAZZLE pivotal study in wet AMD was robust – a potential reflection of the enthusiasm for KSI-301 on the part of clinical investigators and patients. As of July 30, 2020, over 375 patients have been enrolled in DAZZLE. Existing patients continue to participate with few missed visits to date, and new patients continue to be enrolled in DAZZLE. EU patient enrollment commenced in June 2020. The Independent Data Monitoring Committee responsible for safeguarding the interests of DAZZLE study participants, assessing safety during the trial, and monitoring overall study conduct met in early May 2020 and recommended that DAZZLE should continue without modification.
- *Phase 1b Data Presentation:* Updated safety and efficacy results from our ongoing Phase 1b trial of KSI-301 in patients with treatment naïve wet AMD, DME, or RVO were presented at the American Society of Retina Specialists, or ASRS, 2020 Virtual Annual Meeting in July 2020. We believe the data continue to support the highly differentiated “anti-VEGF Generation 2.0” profile of KSI-301. We intend to continue presenting data updates from Phase 1b.
- *Charles Bancroft Appointed to Board of Directors:* Charles Bancroft, formerly Chief Financial Officer of Bristol Myers Squibb (BMS), joined Kodiak’s Board of Directors as chair of our audit committee and member of our nominating and governance committee in April 2020. Mr. Bancroft recently retired from a successful career at BMS where he held a number of leadership roles in commercial, strategy and finance. Mr. Bancroft brings financial and management experience that will be vital to Kodiak as the company continues to scale and build its manufacturing and commercial capabilities.
- *Commercial Manufacturing Progress:* We negotiated a long-term agreement with Lonza for the manufacture of KSI-301. This agreement will provide Kodiak with a custom-built bioconjugation facility with a capacity to supply millions of doses per year. With construction targeted for completion in 2021, the Lonza-Kodiak Ibex facility will provide Kodiak with the facility needed for commercial-scale manufacturing of KSI-301. The timing of this expanded partnership is designed to support Kodiak’s BLA submission timeline in 2022, and the scale is designed to support KSI-301’s potential to achieve significant market share as a new first-line agent designed to improve outcomes for patients with common and serious retinal vascular diseases.
- *Completed Lease Agreement for Kodiak’s New Corporate Headquarters:* We have leased approximately 82,662 square feet located at 1200 Page Mill Road, Palo Alto, California and approximately 72,812 square feet located at 1250 Page Mill Road, Palo Alto, California. These newly leased buildings will serve as Kodiak’s corporate headquarters for office and laboratory space. We also leased approximately 10,750 square feet at Rottenstrasse 5 in Visp, Switzerland, for manufacturing support and supervision.

Our current cash, cash equivalents and marketable securities provide the resources for us to advance the KSI-301 program towards achieving our “2022 Vision,” and also to advance our pipeline of drug candidates including KSI-501 and our triplet inhibitor drug candidates, and for working capital and general corporate purposes.

Where Kodiak is Today

KSI-301 is Well Characterized: KSI-301 has been assessed in more than 325 patients with over 150+ patient-years of exposure. With a majority of patients in the Phase 1b clinical study achieving six months or longer between doses in wet AMD and DME and four months or longer between doses in RVO, KSI-301’s clinical durability continues to be supported with maturing data and continues to surpass the high expectations we had for KSI-301 when we first initiated clinical studies. With over 540 injections administered in the Phase 1/1b program and approximately 1,100 injections administered across the ongoing KSI-301 development program in total, we remain very pleased with the current clinical profile of KSI-301. Notably, KSI-301 continues to demonstrate a safety profile that is tracking with standard of care anti-VEGF agents. When and if we submit our planned single BLA in wet AMD, DME and RVO, we expect to have safety, efficacy and durability data on KSI-301 treatment in over 1,000 patients in concurrent pivotal studies.

High Margin of Confidence Designed into Pivotal Clinical Trials: The exploratory Phase 1b study was designed to push KSI-301 in terms of dosing intervals and provide us with a broad view of our product's clinical profile. The data we are seeing in the Phase 1b study provide confidence that we can demonstrate a strong clinical profile in registrational studies. We have applied the learnings from the exploratory Phase 1b study to further optimize each of our pivotal study protocols to build in a high margin of confidence and predictability.

Investing with Conviction Commensurate with the Opportunity: There remains a great unmet need among patients receiving anti-VEGF therapies today. Despite the promise of today's medicines as demonstrated in their registrational clinical trials, visual gains are not maintained. In the real world, patients cannot be treated frequently enough and are over-extended between doses. Under treatment leads to disease progression and permanent retinal damage, and high-intensity treatment regimens lead to patient and caregiver treatment fatigue and/or abandoning of treatment. A new, better, longer-lasting medicine is required to shift the curve, to reset what has been appropriately called an "epidemic of preventable blindness".

We believe KSI-301 stands the best chance among treatments currently in development to directly address this great need. We have made significant progress with enrollment in our pivotal study in wet AMD (DAZZLE), and we expect to reach our desired enrollment cap in the US in the third quarter of 2020. We are also on track to initiate pivotal studies in DME (GLEAM and GLIMMER) and RVO (BEACON) in the third quarter of 2020. We are moving forward with the preparations for a study in non-proliferative diabetic retinopathy (GLOW) but are currently assessing the timing of study initiation in light of the impact of COVID-19 on this less acute yet high unmet need indication.

Kodiak remains focused on thoughtful execution of our KSI-301 pivotal program, the requisite manufacturing efforts, the regulatory strategy and the pre-commercial readiness. We continue to build our team, and we are thankful for the positive interest in KSI-301 and our ABC Platform by the retina community. As to manufacturing, in line with our "2022 Vision" which sees us submitting our initial BLA in 2022 and potentially commercializing KSI-301 in 2023, it is our intent to be able to supply millions of doses in Year 1 from our Lonza-Kodiak Ibex Dedicate facility designed from inception with Flex Up capabilities and capacity for double digit millions of doses per year to supply a growing market demand.

Poised Commercial Opportunity: We are optimistic for the future care of patients with retinal vascular diseases. The competitive landscape of intravitreally-injected anti-VEGF biologic therapies and therapeutic candidates is clearing, due to the incremental durability of competing molecules, and/or safety challenges that, even if only recently appreciated, have been observed from early in the development of these potential competitors. Adjacent surgical and gene therapy solutions may also face challenges with long-term safety, limited accessibility and the complex economics of surgical implantation.

KSI-301, with its powerful combination of design attributes, has the potential to be a Generation 2.0 anti-VEGF – a first-line anti-VEGF "product for everyone" that may achieve a significant market share.

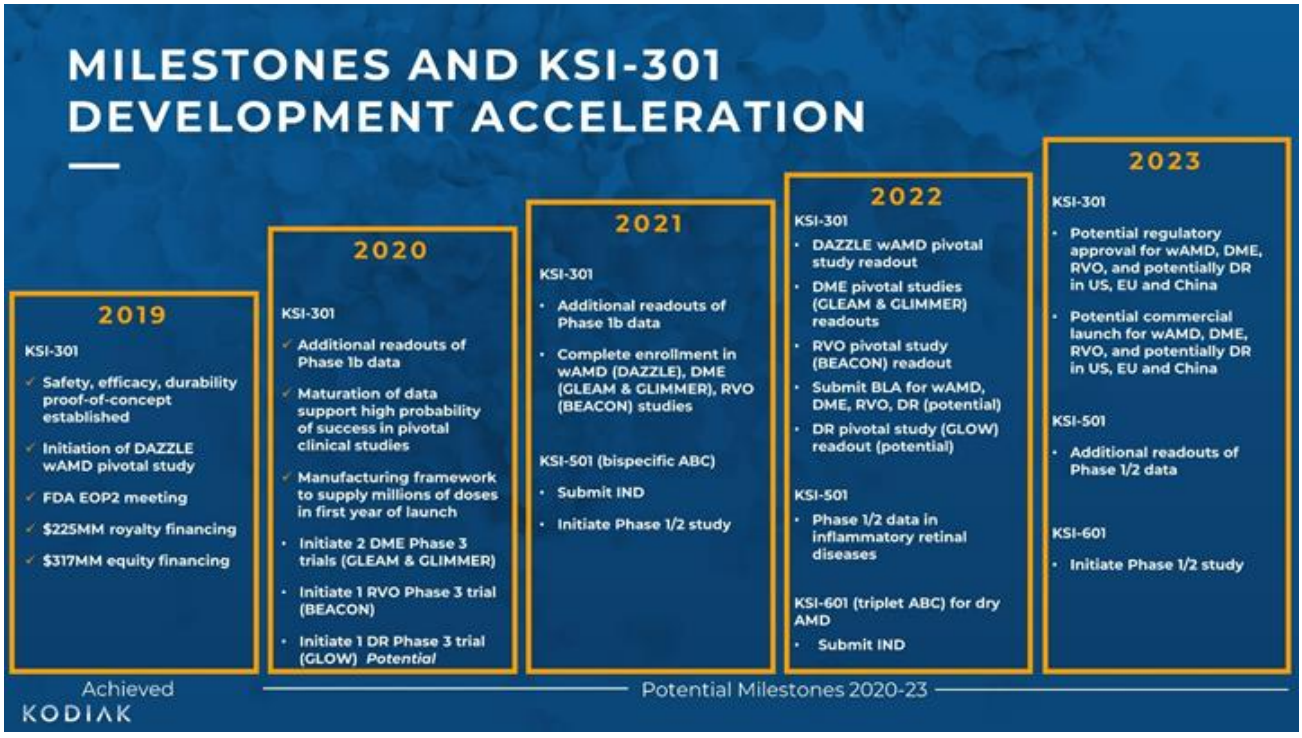
As a company, we remain independent. This independence provides us with the flexibility to adapt both R&D and commercial decision-making within the ever-changing domestic and global landscapes. We remain well capitalized and supported by a high-quality group of long-term investors who understand what is needed to build, invest, and execute commensurate with the opportunity.

Kodiak's 2022 Vision and KSI-301 Accelerated Development Strategy

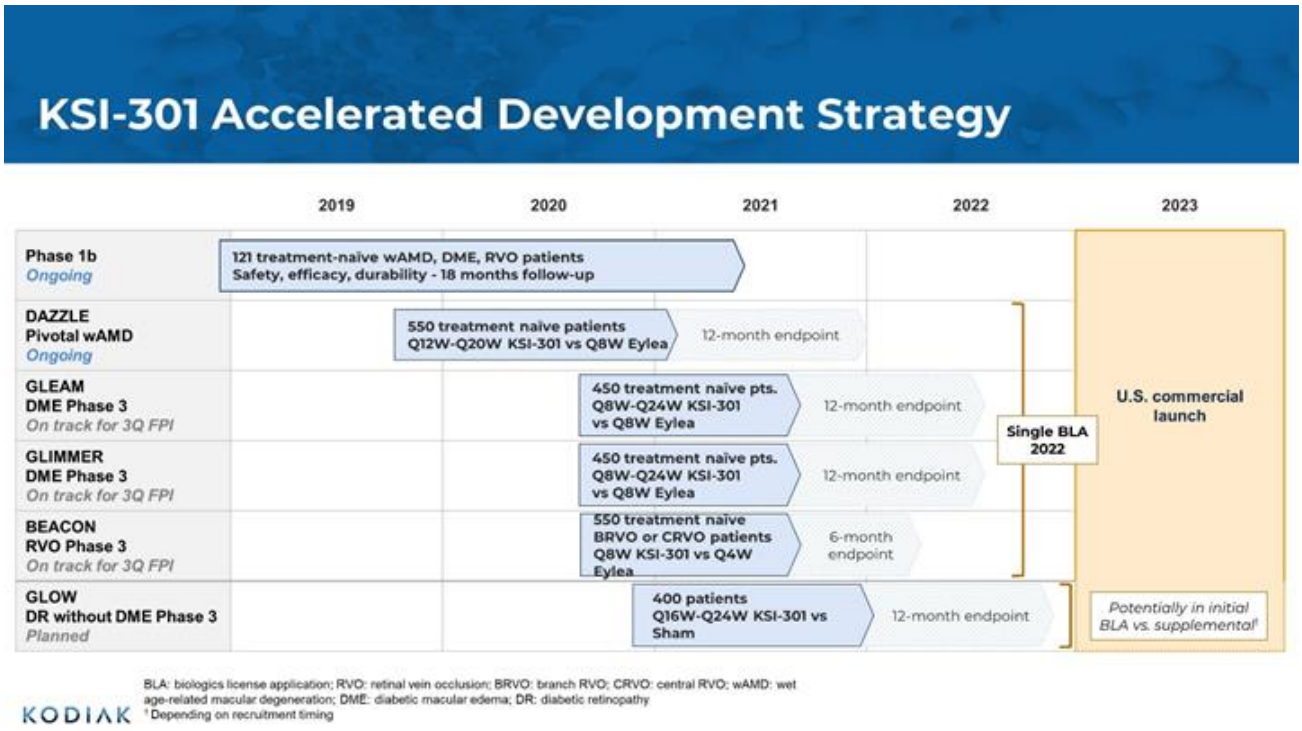
We believe we remain on track to achieve our "2022 Vision" of a BLA submission and initial FDA approval for KSI-301 in wet AMD, DME, RVO and (potentially) DR in 2022 with a total of five pivotal trials— two in DME (GLEAM and GLIMMER), one in wet AMD (DAZZLE), one in RVO (BEACON) and one in DR without DME (GLOW). We intend to initiate at least three additional pivotal trials in 2020 – two matched studies in DME to provide the mutually-confirmatory studies required by FDA for initial demonstration of safety and efficacy, and one in patients with RVO. In addition, we may potentially initiate a pivotal study in DR in the fourth quarter of 2020. These studies, together with our ongoing pivotal study in wet AMD, will be the basis of our intended BLA and supplemental BLA, or sBLA, submissions. We currently expect to submit the wet AMD, DME, and RVO indications in a single initial BLA for KSI-301 and the DR indication in a supplemental BLA in the United States.

We continue to invest in our science and our pipeline, including our bispecific ABC product candidate KSI-501 for retinal vascular diseases with a strong inflammatory component and our new triplet ABC product candidate KSI-601 for the high prevalence multifactorial retinal disease dry AMD.

Our "2022 Vision" includes the following potential catalysts and milestones in 2020, 2021, 2022 and 2023, along with the important milestones achieved in 2019 that support the accelerated development program:



Our “2022 Vision” is built on the following accelerated development strategy, which follows from our FDA End of Phase 2 meeting and recent additional discussions. This table incorporates our most recent view of the KSI-301 clinical program and its execution, as described above, and we believe the successful prosecution of this program is achievable based on our currently available information and the evolving effects of the COVID-19 pandemic:

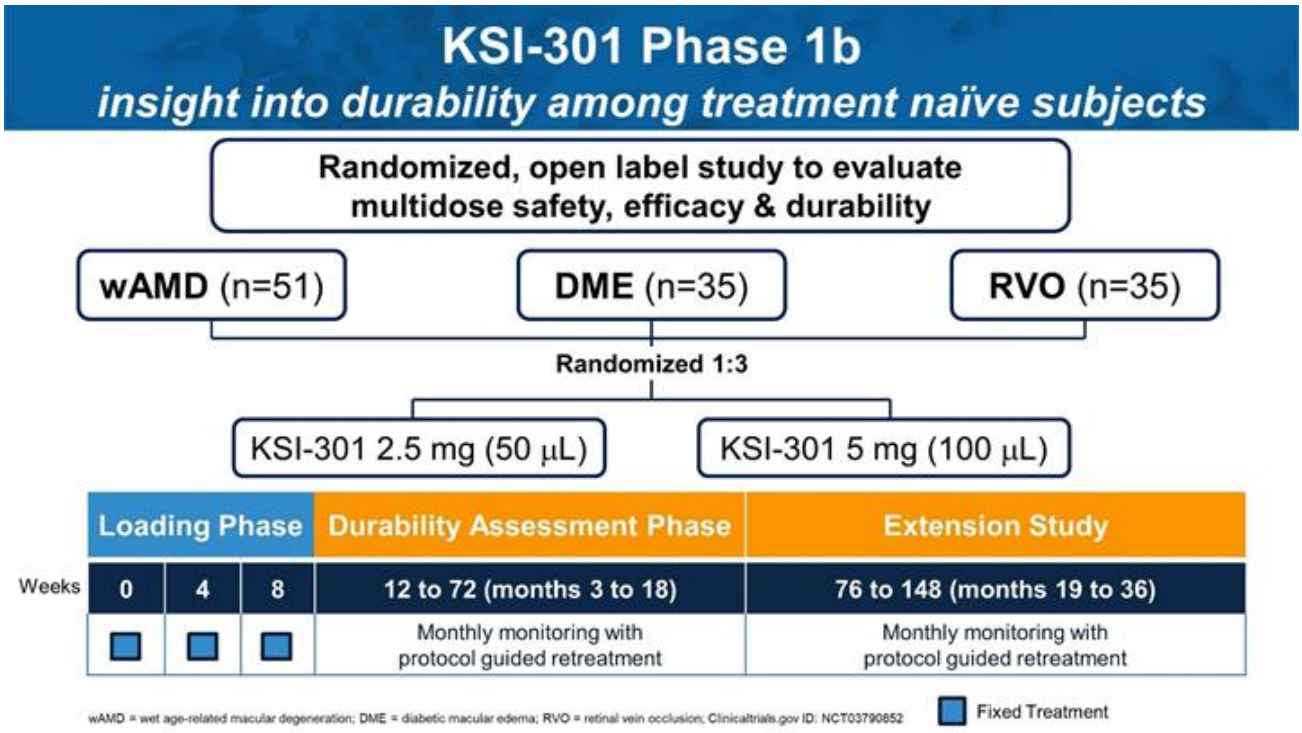


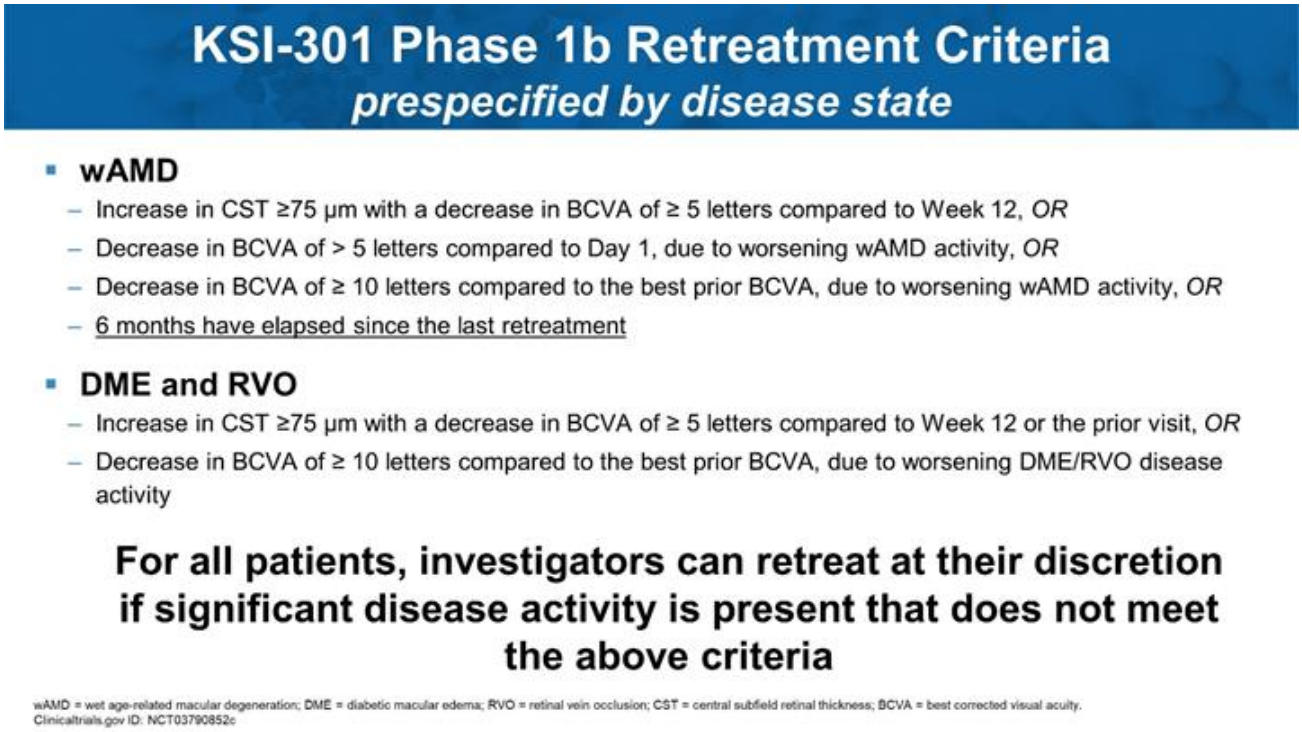
Ongoing Phase 1b Data Continue to Validate KSI-301’s Differentiated Profile

We have continued to make progress with our studies of KSI-301, and the maturing durability data we have observed to date in the Phase 1b study continue to surpass our expectations. We now have over 100 patient-years of clinical experience with KSI-301 in the Phase 1b study.

The overall study duration was originally nine and then 18 months, and we have now extended the treatment and follow-up period to 36 months total, to continue generating long-term outcomes data in advance of the pivotal studies. Outcomes include vision, measured as change in best corrected visual acuity or BCVA using the standard ETDRS testing protocol, and retinal anatomy, which is measured as change in retinal central subfield thickness, or CST, using optical coherence tomography imaging, or OCT. We also obtain other images such as fluorescein angiography, color fundus photos, and OCT angiography.

The figures below present additional the most recent data on durability and efficacy outcomes from the ongoing Phase 1b study presented at the ASRS 2020 Virtual Annual Meeting, held in July 2020. Across all three diseases under study, improvements in vision and retinal anatomy were observed through 44 weeks of patient follow-up, with stability in OCT and BCVA over time in the monthly follow-up intervals following the three mandatory loading doses. Vision is measured as change in BCVA, on a standardized eye chart, and retinal anatomy is measured as change in retinal CST using OCT imaging.





KSI-301 Phase 1b Baseline Characteristics

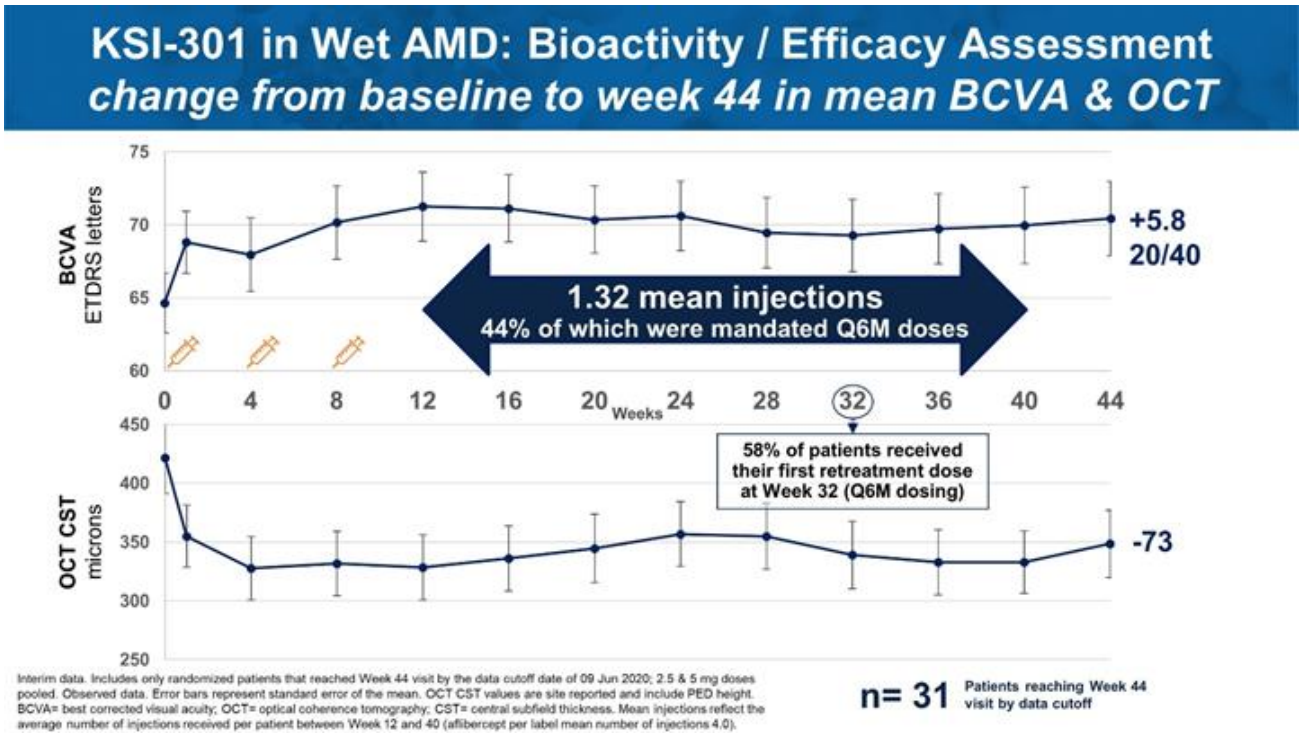
Variable	wAMD Cohort (n=51)	DME Cohort (n=35)	RVO Cohort (n=35)
Age, mean (SD), years	77.9 (10.5)	59.7 (11.7)	63.6 (12.6)
Gender, n (%), female	32 (62.7)	14 (40.0)	13 (37.1)
Race, n (%), White	48 (94.1)	28 (80.0)	31 (88.6)
BCVA, mean (SD), ETDRS letters	63.3 (13.3)	66.8 (10.2)	54.9 (15.4)
Snellen equivalent	~20/50	~20/50	20/80
BCVA, Snellen 20/40 or better, n (%)	20 (39.2)	16 (45.7)	6 (17.1)
OCT CST, mean (SD), microns	430 (162)	453 (110)	675 (237)

Includes all patients randomized as of 09 June 2020. SD= standard deviation; BCVA= best corrected visual acuity; OCT= optical coherence tomography; CST= central subfield thickness

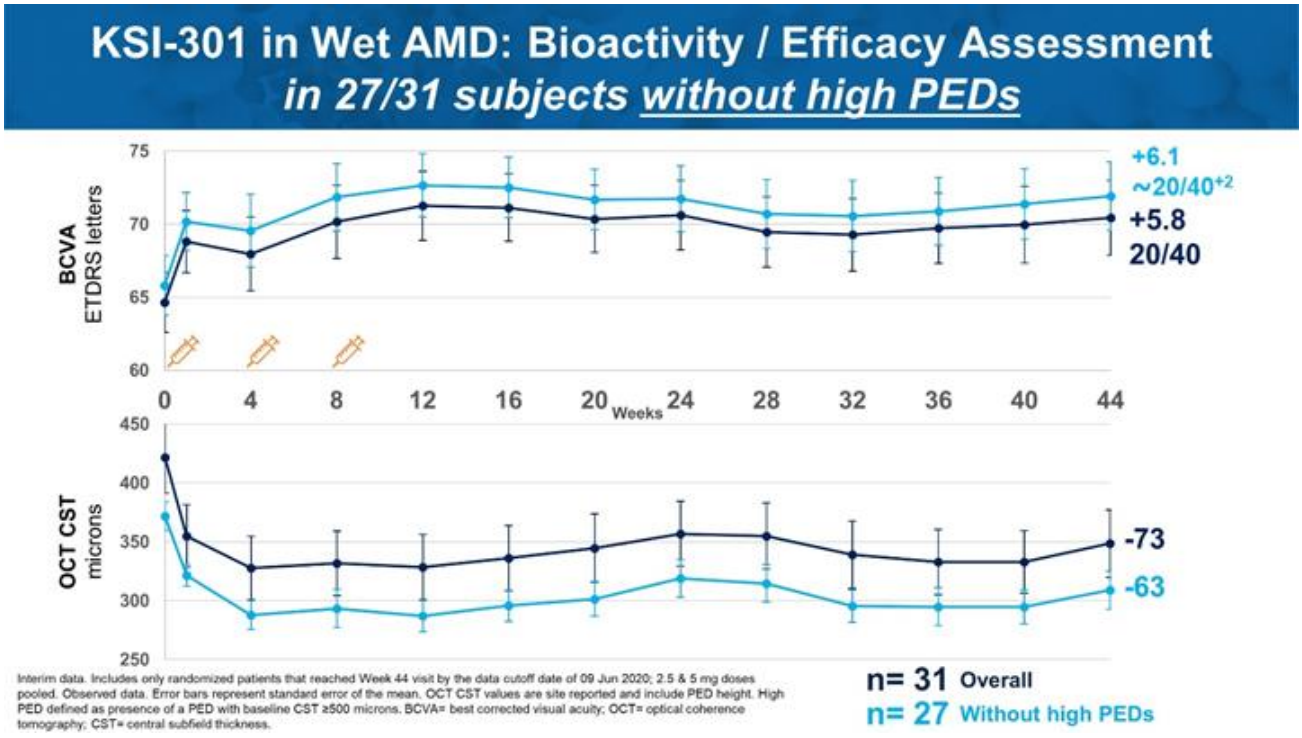
Wet AMD

The data below are from the 31 wet AMD patients who reached the week 44 visit prior to the ASRS meeting data cutoff date of June 9, 2020. Improvements in BCVA and OCT from the initial treatments are noted, as expected for an anti-VEGF. From baseline to week 12, patients gained an average of 6.7 letters off their good starting base of approximately 65 letters and an improvement in OCT CST of 93 microns. In the period between week 12 and week 44, the treatment effect is maintained both in terms of BCVA and OCT with just an average of 1.32 injections per patient, and notably 44% of those treatments were the mandatory every 6-month doses. 58% of the 31 patients here received their first retreatment at week 32, six months after the last loading dose. Supporting the extended durability, we see only a very slow fluctuation in the OCT over time, which compares favorably to the OCT fluctuations observed with existing anti-VEGFs given on shorter dosing intervals. The stability in BCVA over this interval is also consistent with the prolonged duration of KSI-301.

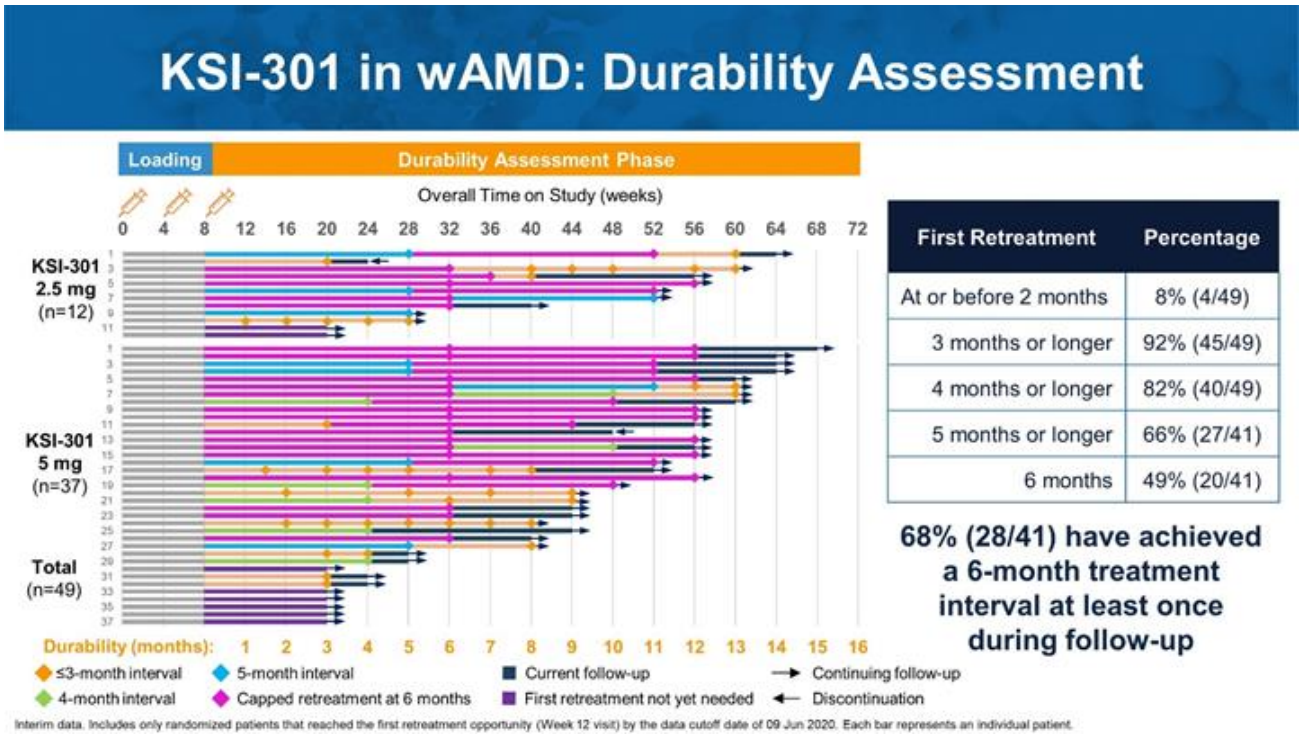
In the Phase 1b study, the average retinal thickness or OCT CST data as reported by our clinical investigators includes the height of pigment epithelial detachments or PEDs. PEDs are an anatomic feature in some patients with wet AMD; treatment success in subjects with PEDs does not necessarily imply complete flattening of the PED, but rather eliminating the intraretinal and subretinal fluid, particularly when the PED is very high prior to anti-VEGF treatment. Additionally, comparison across studies of OCT mean CST values is difficult because it is often not clear or not disclosed in presentations and publications whether the data include or exclude the height of the PED, and whether or how the data are corrected for different OCT machine, among other reasons.



When comparing subjects with and without very high PED at baseline, which we defined as 500 microns or more total CST, the BCVA and OCT CST curves are similar in shape to those of the full cohort. Excluding the high PED patients, the OCT CST values are lower at baseline and over time, and the standard error of the mean (SEM) error bars are narrower. Those four patients with high PEDs thus pull the overall average CST value up. Excluding those four patients, the average retinal center subfield thickness is around 300 microns after initiation of treatment with KSI-301.



Overall, 92% of our wet AMD patients have achieved a time to first retreatment of three months or longer. Of these patients, 82% went four months or longer, and most patients have not received their first retreatment until five to six months after the last loading dose. 49% reached the six-month cap without retreatment after the initial loading doses. Remarkably, 68%, of these wet AMD patients have achieved a six-month treatment interval at least once during follow-up. As this is an anti-VEGF treatment naïve population, there is no pre-selection for VEGF responders or patients who might require less frequent dosing.



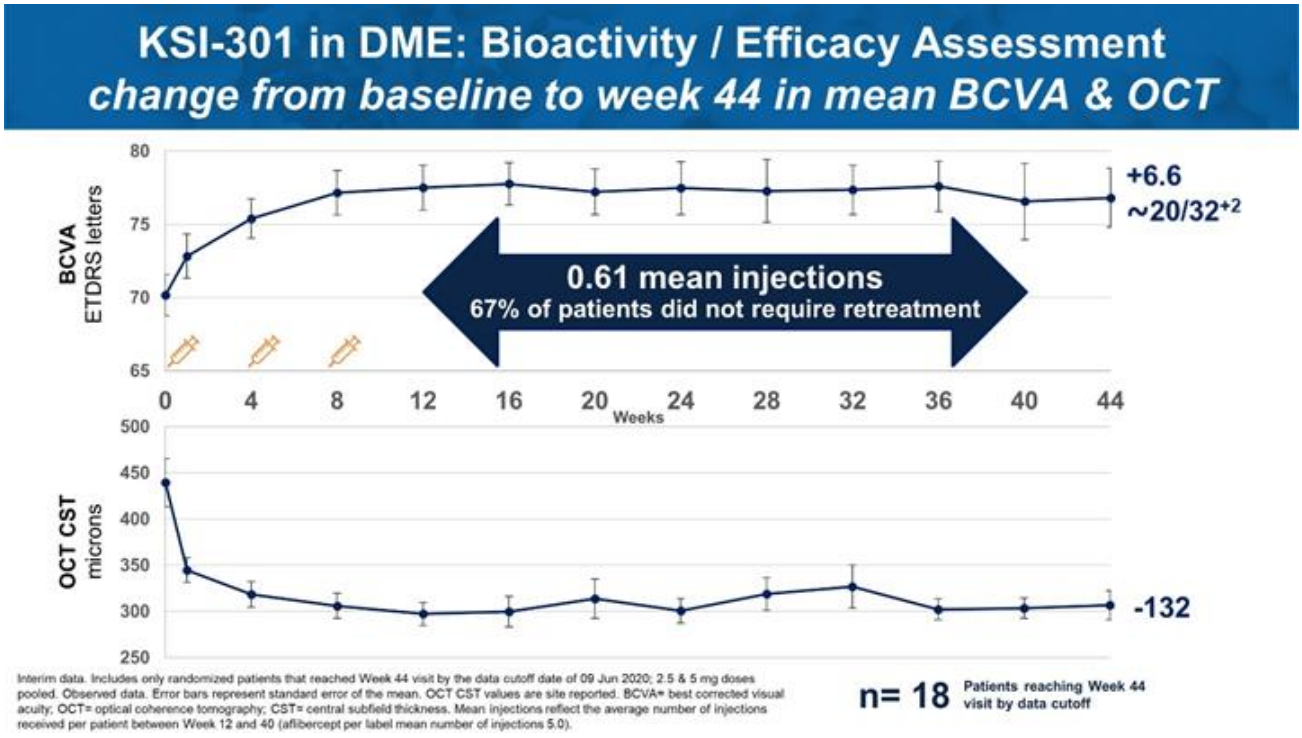
It is reassuring to see that as the data set matures, the vision, OCT and durability outcomes have remained consistent. For example, when comparing the outcomes presented at the Angiogenesis meeting earlier in 2020 versus the data presented in July 2020 at the ASRS virtual meeting, the durability proportions remain stable, as do the visual acuity and OCT outcomes.

KSI-301 in wAMD: *Maturing dataset is consistent over time*

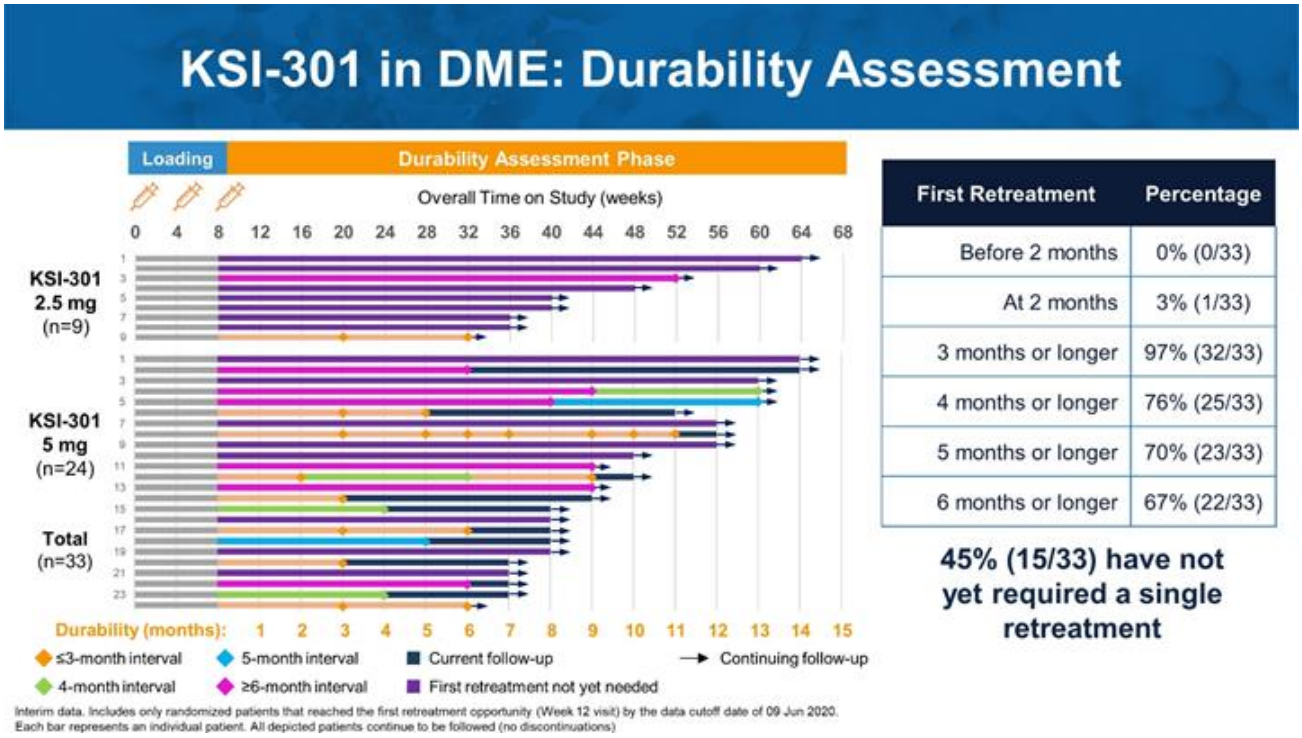
	Angiogenesis Meeting (21 January 2020 cutoff)	ASRS Meeting (09 June 2020 cutoff)
Patient-years Clinical Experience	**22.0**	**41.7**
Efficacy Analyses (functional and anatomical)	**Week 24 (n=31)**	**Week 44 (n=31)**
Mean change in BCVA	**5.9** letters	**5.8** letters
Mean change in OCT CST	**-58** microns	**-73** microns
Mean number injections since week 12	**0.16**	**1.32**
Durability Analyses (time to first retreatment)	**n=35**	**n=49**
At or before 2 months	**9%** (3/35)	**8%** (4/49)
3 months or longer	**91%** (32/35)	**92%** (45/49)
4 months or longer	**84%** (27/32)	**82%** (40/49)
5 months or longer	**72%** (21/29)	**66%** (27/41)
6 months	**55%** (16/29)	**49%** (20/41)

Diabetic Macular Edema (DME)

We measure KSI-301 efficacy data in treatment naïve DME as change from baseline in BCVA and OCT CST. Below are data from the 18 DME patients who reached the week 44 visit prior to the data cutoff date. These patients had good starting vision, approximately 70 letters. They experienced a visual acuity increase after 3 loading doses and maintained a gain of 6.6 letters with a mean of just 0.61 retreatments. Notably, two thirds of patients never required retreatment during this nine-month follow-up period. Consistent with the extended durability effect of KSI-301, we see again only slight fluctuations in the OCT over time, which compares favorably to the OCT fluctuations observed with existing anti-VEGF agents that are given on shorter dosing intervals.



The swim lane plot for DME durability is shown below. So far, 97% of DME patients have gone three months or longer before their first retreatment; only one patient of 33 required their first retreatment at two months after the loading doses. Of these patients, 76% have gone four months or longer, and 70% five months or longer before their first treatment. Further, 67% have gone six-months or longer – as there is no cap to the treatment interval in the DME cohort. Almost half of the patients, or 45%, have not required retreatment to date, denoted by the purple bars. Some of these patients have gone for a year without needing any additional treatment. The data set has also remained consistent over time, comparing the follow-up data available at the Angiogenesis meeting earlier in 2020 to the data presented at ASRS.



First Retreatment	Percentage
Before 2 months	0% (0/33)
At 2 months	3% (1/33)
3 months or longer	97% (32/33)
4 months or longer	76% (25/33)
5 months or longer	70% (23/33)
6 months or longer	67% (22/33)

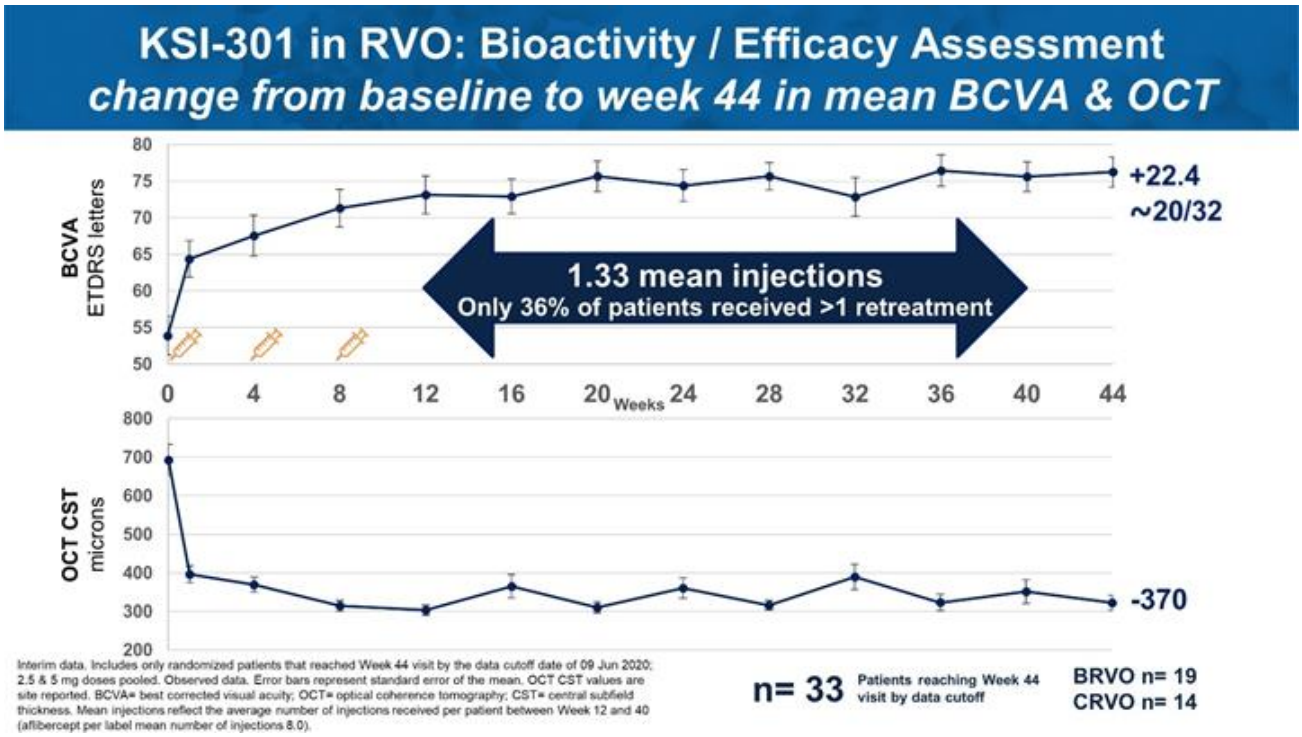
45% (15/33) have not yet required a single retreatment

KSI-301 in DME: *Maturing dataset is consistent over time*

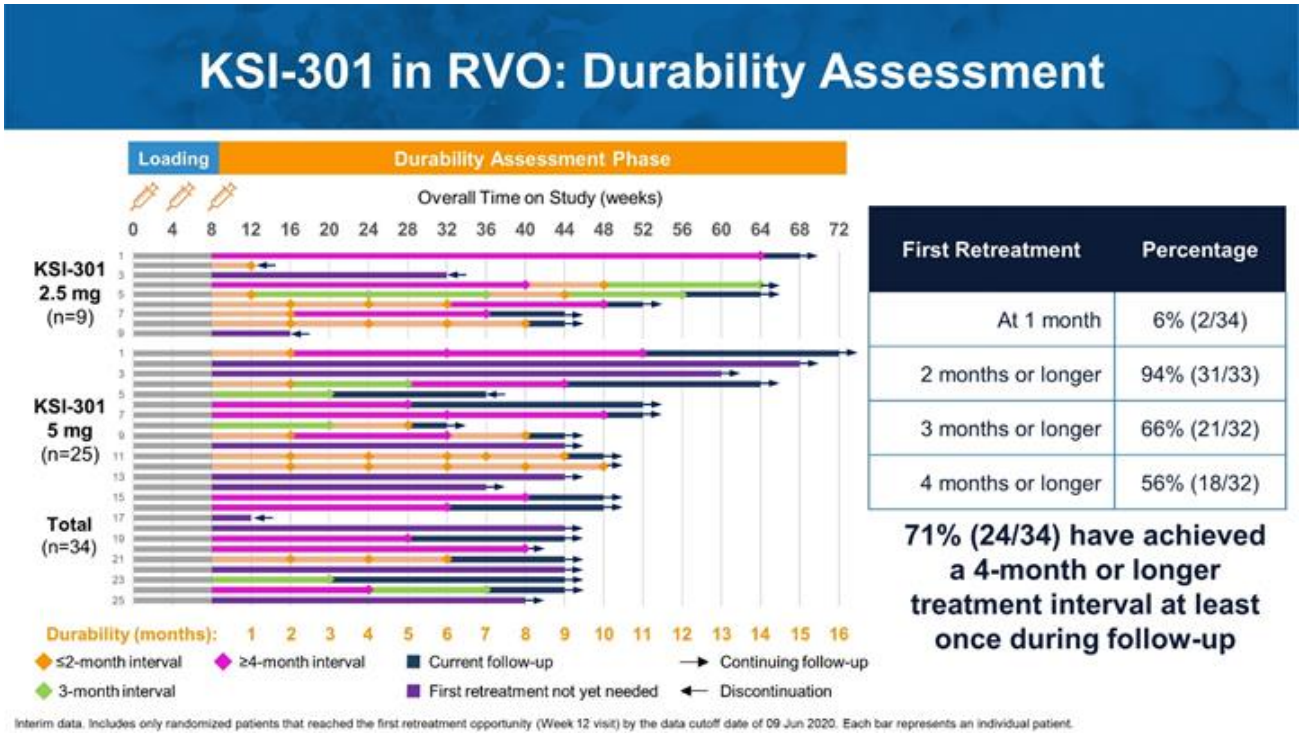
	Angiogenesis Meeting (21 January 2020 cutoff)	ASRS Meeting (09 June 2020 cutoff)
Patient-years Clinical Experience	**16.8**	**29.8**
Efficacy Analyses (functional and anatomical)	**Week 24 (n=19)**	**Week 44 (n=18)**
Mean change in BCVA	**6.8** letters	**6.6** letters
Mean change in OCT CST	**-133** microns	**-132** microns
Mean number injections since week 12	**0.21**	**0.61**
Durability Analyses (time to first retreatment)	**n=33**	**n=33**
At 2 months	**3%** (1/32)	**3%** (1/33)
3 months or longer	**97%** (31/32)	**97%** (32/33)
4 months or longer	**76%** (16/21)	**76%** (25/33)
5 months or longer	**68%** (11/16)	**70%** (23/33)
6 months or longer	**64%** (9/14)	**67%** (22/33)

Retinal Vein Occlusion (RVO)

KSI-301 efficacy in treatment naïve RVO is also measured as change from baseline in BCVA and OCT CST. The 33 RVO patients that completed their week 44 visit began with a lower visual acuity baseline of approximately 55 letters, typical of this disease. After three loading doses, their visual acuity substantially improved, with a 22.4 letter improvement at week 44, which is over four lines of vision gained on the standardized eye chart. The vision gain was maintained with an average of just 1.33 injections, with only a third of patients requiring more than one retreatment in this period. A sustained OCT response with a decrease of 370 microns was also noted.



In this swim lane plot of the durability of individual patients with RVO, the disease with arguably the highest VEGF-load, the bars in pink and orange now denote retreatment intervals of four months or longer and two months or shorter, respectively. 94% of RVO patients, 31 of the 33 patients, have gone two months or longer before their first retreatment. Only 6% of patients had their first retreatment at one month after the loading doses. 66% had their first retreatment three months or later since the loading doses, and 56% achieved a first interval of four months or longer. Remarkably, given that many RVO patients require monthly therapy for the best results with existing medicines, 71% of patients have achieved a four month or longer interval at least once during follow-up.



Looking at the recent efficacy and durability data compared to where they stood earlier this year, we see the consistency in the maturing Phase 1b data, both with longer follow-up and more patients. In particular, the OCT and VA outcomes were stable from week 24, presented at Angiogenesis, to week 44, presented at the recent ASRS meeting.

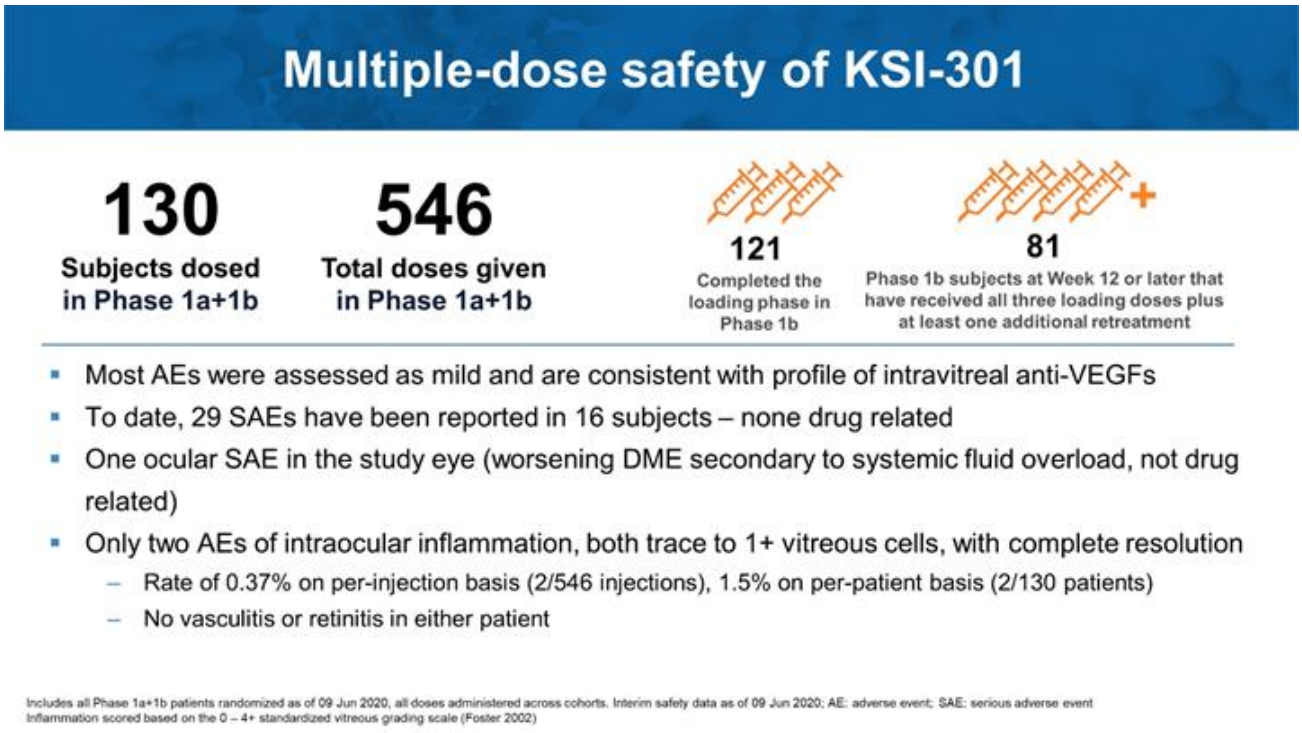
KSI-301 in RVO: *Maturing dataset is consistent over time*

	Angiogenesis Meeting (21 January 2020 cutoff)	ASRS Meeting (09 June 2020 cutoff)
Patient-years Clinical Experience	**18.8**	**29.8**
Efficacy Analyses (functional and anatomical)	**Week 24 (n=30)**	**Week 44 (n=33)**
Mean change in BCVA	**22.2** letters	**22.4** letters
Mean change in OCT CST	**-350** microns	**-370** microns
Mean number of injections since week 12	**0.46**	**1.33**
Durability Analyses (first retreatment)	**n=33**	**n=34**
At 1 month	**6%** (2/33)	**6%** (2/34)
2 months or longer	**94%** (30/32)	**94%** (31/33)
3 months or longer	**64%** (20/31)	**66%** (21/32)
4 months or longer	**53%** (16/30)	**56%** (18/32)

Safety of KSI-301 Injections

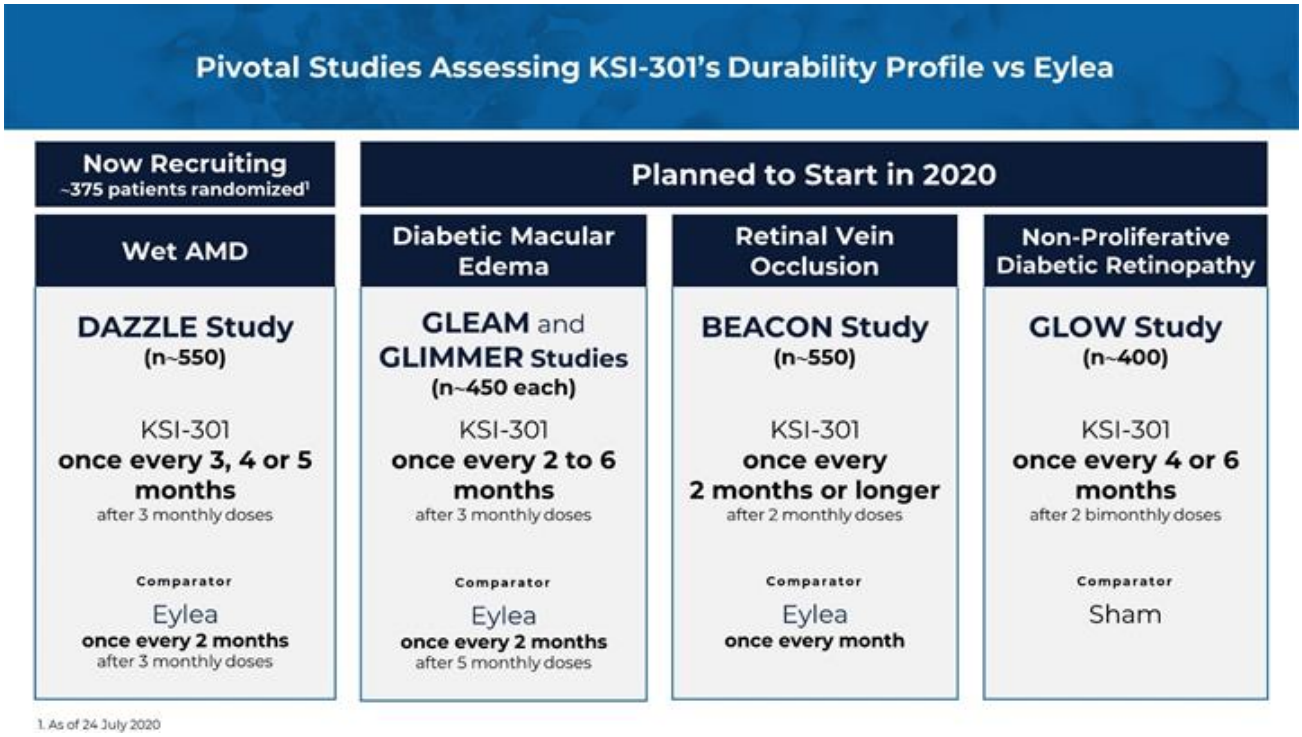
We believe the safety profile of KSI-301 continues to be very encouraging. Now with nearly 550 injections given in the Phase 1a/1b program, and with patients followed for as long as 18 months, we are continuing to track with the expectations set by the safety profile of the current standard of care intravitreal medicines.

None of the serious adverse events, or SAEs, observed have been reported as drug-related, and they are typical of the systemic SAEs expected in these patient populations. There are only two events (previously described) of intraocular inflammation resulting in a rate of 0.37% per injection or 1.5% on a per-patient basis. The events were mild in nature, both trace to 1+ grade cells in the vitreous, on a standardized scale where 0 is none and 4+ is severe. They resolved completely, and there was no vasculitis or retinitis in either patient. Both patients have done very well with substantial improvements in vision from baseline; each of them has gained 30 letters or 6 lines of vision as of their last visits.



KSI-301 Pivotal Study Designs

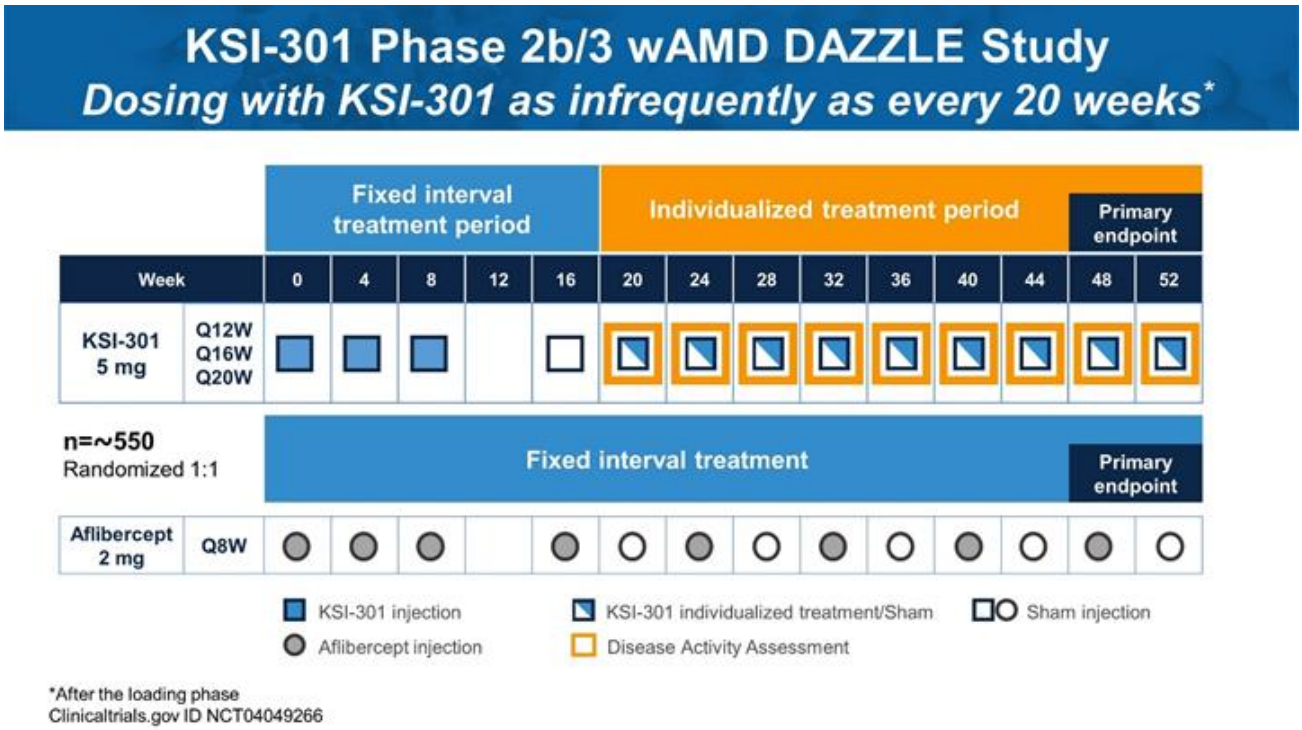
Our pivotal study designs for wet AMD (our ongoing DAZZLE study), DME (GLEAM and GLIMMER), and RVO (BEACON) have been optimized based on Phase 1b data and experience.



Wet AMD DAZZLE Study

DAZZLE assesses patients with treatment naïve wet AMD and are randomized 1:1 to receive KSI-301 every 12 to 20 weeks or Eylea every 8 weeks, each after 3 monthly loading doses. The determination of treatment interval for the patients assigned to KSI-301 is based on disease activity assessments where both OCT and BCVA are measured and compared against prior data, similar to other recent and ongoing Phase 3 studies in the field. By default, patients are on an every 20 week regimen. If disease activity criteria are met before 20 weeks, that is, 12 or 16 weeks after the last dose, then the treatment interval is correspondingly shortened.

The primary endpoint is at one year and is a non-inferiority comparison to Eylea, with a four letter non-inferiority margin. The one year endpoint is measured as the average of the BCVA change from baseline to weeks 48 and 52. All of the KSI-301 patients are analyzed together as a single group with respect to the primary comparison to Eylea. In the second year of the study, patients whose disease is stable can have their KSI-301 treatment interval extended, and patients originally randomized to Eylea, will be re-randomized 1:1 to either continued Eylea or switched to every eight week KSI-301.



Disease assessment criteria are used to determine whether the treatment interval is 12, 16 or 20 weeks. These criteria are tightened, and subjectivity has been reduced, compared to the retreatment criteria used in the Phase 1b study. The DAZZLE criteria, and the overall approach to dosing regimen determination in DAZZLE, are very similar to other recent Phase 3 programs in wet AMD. The aim is to customize the dose interval per patient, in a way that is feasible in a large, multicenter, double-masked trial.

How do DAZZLE Study Disease Activity Assessment Criteria Compare to Phase 1b?

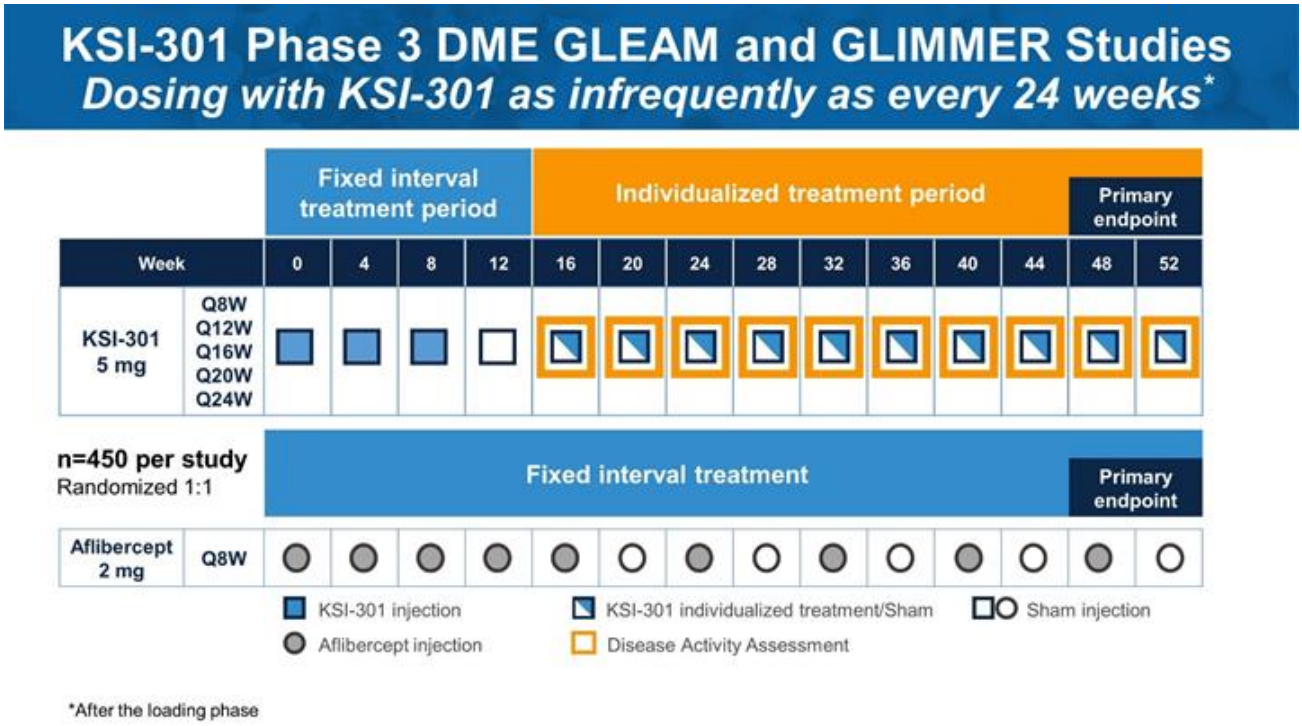
Parameters	Phase 1b Study	DAZZLE study	Change
Visual *and* anatomical	Increase in CST ≥75 µm with a decrease in BCVA of ≥ 5 letters compared to Week 12, *OR*	Increase in CST ≥50 µm with a decrease in BCVA of ≥ 5 letters compared to Week 12, *OR*	**Tighter CST control (25 microns)**
Visual only	Decrease in BCVA of ≥ 10 letters compared to the best prior BCVA, due to worsening wAMD activity, *OR*	Decrease in BCVA of ≥ 10 letters compared to the best prior BCVA, due to worsening wAMD activity, *OR*	**No change**
	Decrease in BCVA of > 5 letters compared to Day 1, due to worsening wAMD activity	N/A	**Eliminated to reduce subjectivity and unnecessary retreatments**
Anatomical only	N/A	Increase of ≥ 75 microns compared to Week 12, *OR*	**Added two anatomical-only criteria**
	N/A	New Macular Hemorrhage	

wAMD = wet age-rhfcelated macular degeneration; CST = central subfield retinal thickness; BCVA = best corrected visual acuity. Clinicaltrials.gov ID: NCT03790852

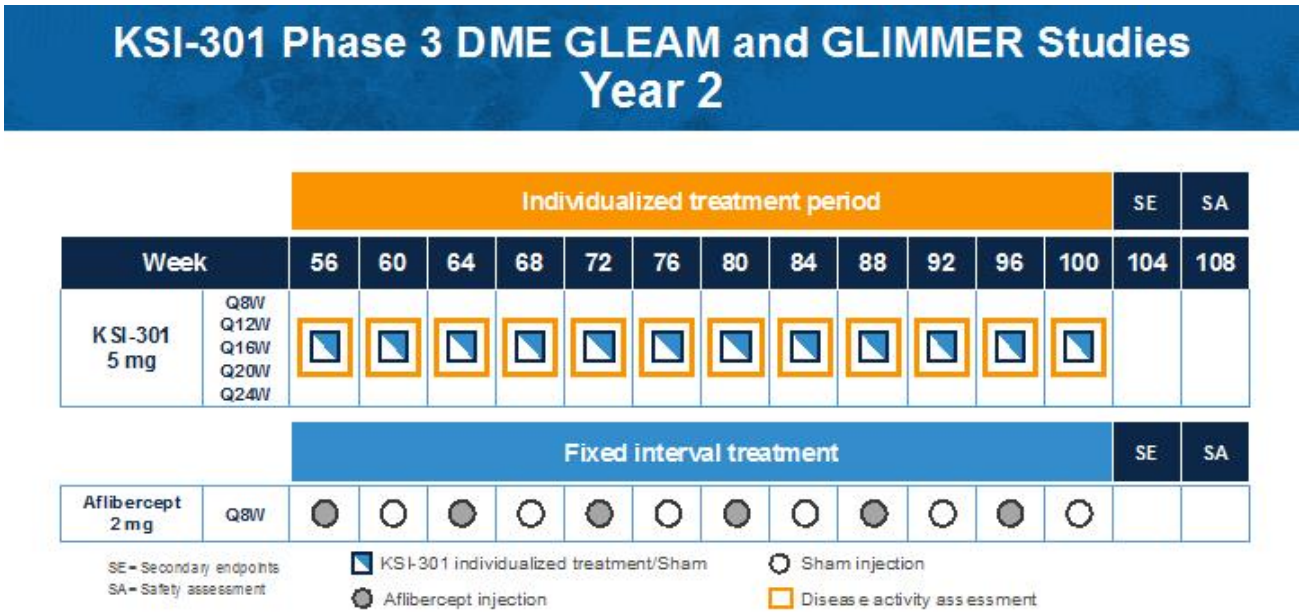
Diabetic Macular Edema Paired Studies, GLEAM and GLIMMER

We will run two Phase 3 studies in parallel with identical design. In each of the two studies, called GLEAM and GLIMMER, we will randomize 450 treatment-naïve DME patients to either KSI-301 every 8 to 24 weeks after 3 loading doses, or Eylea every 8 weeks after 5 loading doses. Approximately 450 patients will be randomized per study, and the primary endpoint is the change from baseline in BCVA at one year, again the average of the week 48 and 52 visits. The studies are non-inferiority studies with a margin of 4.5 letters.

At each monthly study visit, patients who have been randomized to KSI-301 will undergo a disease activity assessment, using data from both BCVA and OCT measurements. Depending on their disease activity status, the dosing interval can be shortened, lengthened, or maintained at the same interval. This is different than in DAZZLE where the interval can only be maintained or shortened in the first year. In DME, patients may experience disease modification (improvement in the severity of the underlying retinopathy) that curtails the need for therapy over time, an event that has been seen in many DME patients treated with KSI-301 allowing for the treatment interval to be potentially further prolonged after the first retreatment. The minimum KSI-301 treatment interval in GLEAM and GLIMMER is every eight weeks, and the maximum interval is every 24 weeks or six months.



In the second year of both studies, the same approach is maintained. Eylea will stay on its q8 week regimen, and patients on KSI-301 will continue to be on an 8 to 24 week regimen based on disease activity.



To determine the treatment interval for KSI-301 patients, we will again employ disease activity assessments and protocol-specified criteria. All patients randomized to KSI-301 are on the longest interval by default. If patients meet any of these disease activity criteria at earlier timepoints, the retreatment interval is shortened. The criteria for shortening the treatment interval are tighter than they are in Phase 1b, and the subjectivity is reduced. Additional anatomic criteria have also been included.

How do GLEAM/GLIMMER Studies Disease Activity Assessment Criteria Compare to Phase 1b?

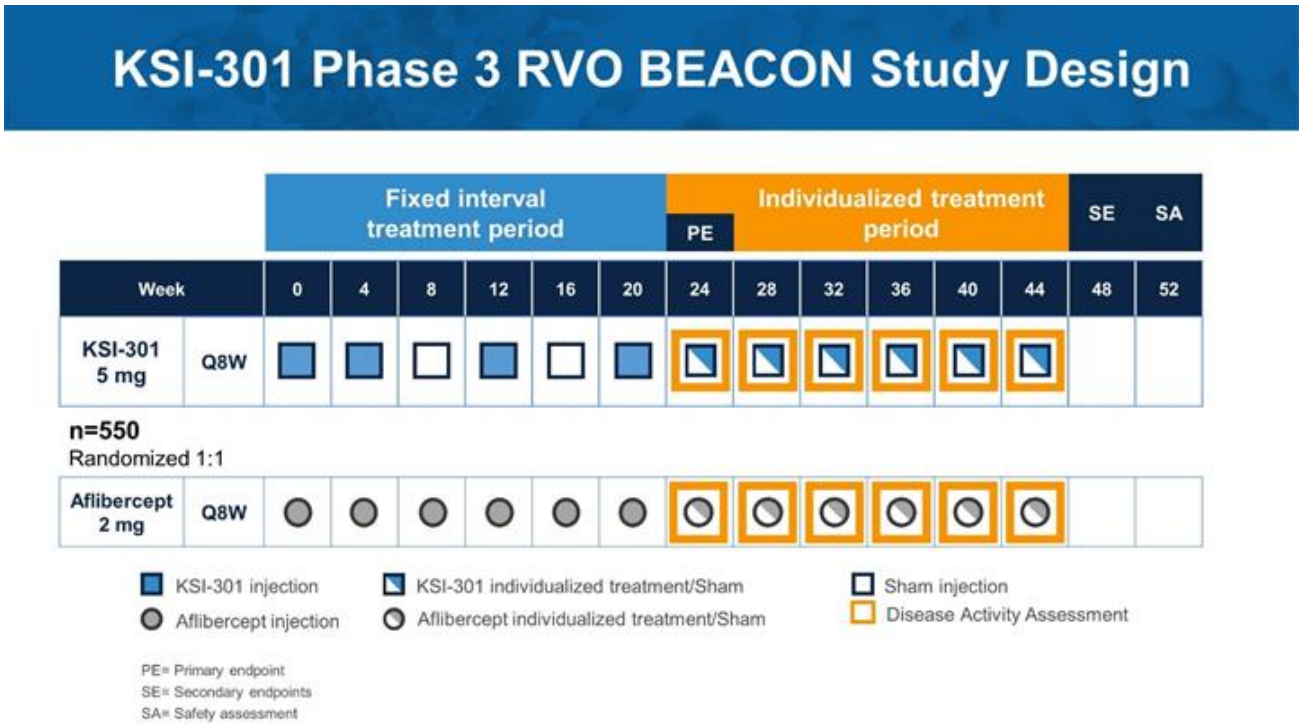
Parameters	Phase 1b Study	GLEAM/GLIMMER Studies	Change
Visual *and* anatomical	Increase in CST ≥75 µm with a decrease in BCVA of ≥ 5 letters compared to Week 12 or the prior visit, *OR*	Increase in OCT CST ≥ 50 µm compared to lowest previous measurement and a decrease in BCVA of ≥ 5 letters compared to the average of the 2 best previous BCVA assessments, due to worsening of DME disease activity, *or*	**Tighter and dynamic control of both vision and anatomy**
Visual only	Decrease in BCVA of ≥ 10 letters compared to the best prior BCVA, due to worsening DME activity	N/A	**Eliminated to reduce subjectivity and unnecessary retreatments**
Anatomical only	N/A	Increase in OCT CST ≥ 75 µm compared to lowest previous measurement due to worsening of DME disease activity; *or*	**Added two anatomical-only criteria**
	N/A	New or worsening proliferative DR (PDR)	

DME = diabetic macular edema; OCT = optical coherence tomography; CST = central subfield retinal thickness; BCVA = best corrected visual acuity.

Retinal Vein Occlusion BEACON Study Design

The Phase 3 study in patients with RVO (BEACON), is a year-long study in which we will randomize 550 patients with treatment-naïve RVO, either branch or central vein type, to either every 8 week KSI-301 after two loading doses, or to monthly Eylea, for the first six months. The primary endpoint is at six months, with a non-inferiority margin of 4.5 letters.

In the second six months, patients in both groups will receive treatment on an individualized regimen, again using typical disease activity assessments. This phase of the study will provide a direct, head-to-head comparison of Eylea and KSI-301 on the same criteria-driven regimen. The minimum interval is monthly and there is no upper limit to the retreatment interval in this six-month period.



Because the first six months of the study are fixed-interval dosing, the disease activity assessment criteria are only used to determine dosing in the second six months of the RVO study. The criteria are similar to our DME studies, and tighter than they are in Phase 1b, with the OCT and BCVA measured against the best previous measurements; subjectivity is also reduced.

How do BEACON Study Disease Activity Assessment Criteria Compare to Phase 1b?

Parameters	Phase 1b Study	BEACON Study	Change
Visual *and* anatomical	Increase in CST ≥75 µm with a decrease in BCVA of ≥ 5 letters compared to Week 12 or the prior visit, *OR*	Increase in OCT CST ≥ 50 µm compared to lowest previous measurement and a decrease in BCVA of ≥ 5 letters compared to the average of the 2 best previous BCVA assessments, due to worsening of RVO disease activity, *or*	**Tighter and dynamic control of both vision and anatomy**
Visual only	Decrease in BCVA of ≥ 10 letters compared to the best prior BCVA, due to worsening RVO activity	N/A	**Eliminated to reduce subjectivity and unnecessary retreatments**
Anatomical only	N/A	Increase in OCT CST ≥ 75 µm compared to lowest previous measurement due to worsening of RVO disease activity; *or*	**Added one anatomical-only criteria**

RVO = retinal vein occlusion; OCT = optical coherence tomography; CST = central subfield retinal thickness; BCVA = best corrected visual acuity.

Conclusions

Overall, we believe that the continued maturation of the safety, efficacy, and durability data of KSI-301, as shown in the Phase 1b study, support our efforts to bring KSI-301 to the market as a potentially disruptive ‘Generation 2.0’ anti-VEGF in these retinal diseases, and that the data lend confidence to the design of our current and planned pivotal studies of KSI-301. We believe these clinical studies, if successful, may demonstrate a meaningfully differentiated clinical profile of KSI-301 as compared to current therapies, and we also believe that this profile would allow KSI-301 to compete effectively in the evolving commercial and product landscape.

Since inception in June 2009, we have devoted substantially all of our resources to discovering and developing product candidates and manufacturing processes, building our ABC Platform and assembling our core capabilities in drug development for ophthalmic disease. We plan to continue to use third-party clinical research organizations, or CROs, to carry out our preclinical and clinical development. We rely on third-party contract manufacturing organizations, or CMOs, to manufacture and supply our preclinical and clinical materials to be used during the development of our product candidates. We are evaluating investments in commercial manufacturing capacity. We do not have any products approved for sale and have not generated any product revenue since inception.

We have funded our operations primarily through equity securities. In October 2018, we completed our initial public offering, or IPO. In December 2019, we completed a follow-on offering. In addition, we entered into a royalty funding agreement and received an initial payment of $100.0 million in February 2020.

We have incurred significant operating losses to date and expect that our operating losses will increase significantly as we advance our product candidates, particularly KSI-301, through preclinical and clinical development, seek regulatory approval, prepare for and, if approved, proceed to commercialization; broaden and improve our platform; acquire, discover, validate and develop additional product candidates; obtain, maintain, protect and enforce our intellectual property portfolio; and hire additional personnel. Our net loss was $50.4 million for the six months ended June 30, 2020. As of June 30, 2020, we had an accumulated deficit of $208.5 million.

Our ability to generate product revenue will depend on the successful development and eventual commercialization of one or more of our product candidates. Until such time as we can generate significant revenue from sales of our product candidates, if ever, we expect to finance our operations through the sale of equity, debt financings or other capital sources, including potential collaborations with other companies or other strategic transactions. Adequate funding may not be available to us on acceptable terms, or at all. If we fail to raise capital or enter into such agreements as, and when, needed, we may have to significantly delay, scale back, or discontinue the development and commercialization of KSI-301 for wet AMD, RVO, DME or DR without DME or delay our efforts to advance and expand our product pipeline.

As of June 30, 2020, we had cash, cash equivalents and marketable securities of $417.1 million.

Components of Operating Results

Operating Expenses

Research and Development Expenses

Substantially all of our research and development expenses consist of expenses incurred in connection with the development of our ABC Platform and product candidates. These expenses include certain payroll and personnel expenses, including stock-based compensation, for our research and product development employees; laboratory supplies and facility costs; consulting costs; contract manufacturing and fees paid to CROs to conduct certain research and development activities on our behalf; and allocated overhead, including rent, equipment, depreciation and utilities. We expense both internal and external research and development expenses as they are incurred. Costs of certain activities, such as manufacturing and preclinical and clinical studies, are generally recognized based on an evaluation of the progress to completion of specific tasks. Nonrefundable payments made prior to the receipt of goods or services that will be used or rendered for future research and development activities are deferred and capitalized. The capitalized amounts are recognized as expense as the goods are delivered or the related services are performed.

We are focusing substantially all of our resources and development efforts on the development of our product candidates, in particular KSI-301. We expect our research and development expenses to increase substantially during the next few years as we initiate our Phase 3 studies, complete our clinical program, pursue regulatory approval of our drug candidates and prepare for a possible commercial launch. Predicting the timing or the final cost to complete our clinical program or validation of our commercial manufacturing and supply processes is difficult and delays may occur because of many factors, including factors outside of our control. For example, if the FDA or other regulatory authorities were to require us to conduct clinical trials beyond those that we currently anticipate, or if we experience significant delays in enrollment in any of our clinical trials, we could be required to expend significant additional financial resources and time on the completion of clinical development. Furthermore, we are unable to predict when or if our drug candidates will receive regulatory approval with any certainty.

General and Administrative Expenses

General and administrative expenses consist principally of payroll and personnel expenses, including stock-based compensation; professional fees for legal, consulting, accounting and tax services; allocated overhead, including rent, equipment, depreciation and utilities; and other general operating expenses not otherwise classified as research and development expenses.

We anticipate that our general and administrative expenses will increase as a result of increased personnel costs, including stock-based compensation, expanded infrastructure and higher consulting, legal and accounting services associated with maintaining compliance with requirements of the stock exchange listing and the Securities and Exchange Commission, or SEC, investor relations costs and director and officer insurance premiums.

Interest Income

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

Other Income (Expense), Net

Other income (expense), net consists primarily of accretion income on marketable debt securities net of amortized issuance costs from the liability related to the future sale of royalties to BBA in 2019.

Results of Operations

The following table summarizes the results of our operations for the periods indicated, in thousands:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	Change	2020	2019	Change
Operating expenses						
Research and development	$ 20,557	$ 8,838	$ 11,719	$ 40,727	$ 14,561	$ 26,166
General and administrative	6,222	2,976	3,246	11,775	5,713	6,062
Loss from operations	(26,779)	(11,814)	(14,965)	(52,502)	(20,274)	(32,228)
Interest income	698	331	367	1,906	793	1,113
Interest expense	(6)	(2)	(4)	(13)	(6)	(7)
Other income (expense), net	88	100	(12)	218	118	100
Net loss	$ (25,999)	$ (11,385)	$ (14,614)	$ (50,391)	$ (19,369)	$ (31,022)

Research and Development Expenses

The following table summarizes our research and development expenses for the periods indicated, in thousands:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	Change	2020	2019	Change
ABC Platform external expenses (1)	$ 2,447	$ 949	$ 1,498	$ 3,171	$ 1,471	$ 1,700
KSI-301 program external expenses (2)	9,888	4,110	5,778	22,173	5,883	16,290
KSI-501 program external expenses (3)	394	430	(36)	469	819	(350)
Payroll and personnel expenses (4)	6,858	2,824	4,034	12,746	5,337	7,409
Other research and development expenses (5)	970	525	445	2,168	1,051	1,117
Total research and development expenses	$ 20,557	$ 8,838	$ 11,719	$ 40,727	$ 14,561	$ 26,166

(1) ABC Platform external expenses primarily relates to manufacturing of biopolymer intermediate drug substance which can be used with multiple product candidates. These expenses are primarily for services provided by CMOs.

(2) KSI-301 program external expenses relates to development of KSI-301, including manufacturing and clinical trial costs. These expenses are primarily for services provided by CMOs and CROs.

(3) KSI-501 program external expenses relates to research and development of KSI-501.

(4) Payroll and personnel expenses includes salaries, benefits and stock-based compensation for our personnel involved in research and development activities. These expenses are separately classified and not allocated to specific programs because these expenses relate to multiple programs.

(5) Other research and development expenses includes direct costs related to research and development activities other than those listed above.

ABC Platform external expenses increased $1.5 million and $1.7 million during the three and six months ended June 30, 2020, respectively, as compared to 2019. The increase was primarily driven by manufacturing runs to support our product candidate pipeline.

KSI-301 program external expenses increased $5.8 million and $16.3 million during the three and six months ended June 30, 2020, respectively, as compared to 2019. The increase was primarily due to clinical trial costs to support ongoing trials and planned trials, as well as manufacturing runs for KSI-301. Our pivotal DAZZLE clinical study dosed the first patient in October 2019 and over 375 patients were enrolled as of July 30, 2020.

KSI-501 program external expenses remained relatively constant during the three and six months ended June 30, 2020, as compared to 2019.

Payroll and personnel expenses increased $4.0 million and $7.4 million during the three and six months ended June 30, 2020, respectively, as compared to 2019, due to increased headcount and stock-based compensation expense.

Other research and development expenses increased $0.4 million and $1.1 million during the three and six months ended June 30, 2020, respectively, as compared to 2019, due to increased costs on our early research pipeline.

General and Administrative Expenses

General and administrative expenses increased $3.2 million and $6.1 million during the three and six months ended June 30, 2020, respectively, as compared to 2019. The increase was primarily driven by increased headcount and stock-based compensation expense as well as professional services related to accounting, audit, legal and consulting services and costs.

Liquidity and Capital Resources; Plan of Operations

Sources of Liquidity

We have funded our operations primarily through the sale of equity securities. In addition, we entered into a royalty funding agreement and received an initial payment of $100.0 million in February 2020. As of June 30, 2020, we had cash, cash equivalents and marketable securities of $417.1 million.

Future Funding Requirements

We have incurred net losses since our inception. For the six months ended June 30, 2020, we had net loss of $50.4 million, and we expect to continue to incur additional losses in future periods. As of June 30, 2020, we had an accumulated deficit of $208.5 million.

We have based these estimates on assumptions that may prove to be wrong, and we could deplete our available capital resources sooner than we expect. Because of the risks and uncertainties associated with research, development and commercialization of product candidates, we are unable to estimate the exact amount of our working capital requirements. Our future funding requirements will depend on and could increase significantly as a result of many factors.

To date, we have not generated any product revenue. We do not expect to generate any product revenue unless and until we obtain regulatory approval of and commercialize any of our product candidates or enter into collaborative agreements with third parties, and we do not know when, or if, either will occur. We expect to continue to incur significant losses for the foreseeable future, and we expect our losses to increase as we continue the development of, and seek regulatory approvals for, our product candidates, and begin to commercialize any approved products. We are subject to all of the risks typically related to the development of new product candidates, and we may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors that may adversely affect our business.

We have based these estimates on assumptions that may prove to be wrong, and we could deplete our capital resources sooner than we expect. The timing and amount of our operating expenditures and capital requirements will depend on many factors, including:

- the scope, timing, rate of progress and costs of our drug discovery, preclinical development activities, laboratory testing and clinical trials for our product candidates;
- the number and scope of clinical programs we decide to pursue;
- the scope and costs of manufacturing development and commercial manufacturing activities;
- the extent to which we acquire or in-license other product candidates and technologies;
- the cost, timing and outcome of regulatory review of our product candidates;

- the costs of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending intellectual property-related claims;
- our ability to establish and maintain collaborations on favorable terms, if at all;
- our efforts to enhance operational systems and our ability to attract, hire and retain qualified personnel, including personnel to support the development of our product candidates;
- the costs associated with being a public company; and
- the cost and timing associated with commercializing our product candidates, if they receive marketing approval.

A change in the outcome of any of these or other variables with respect to the development of any of our product candidates could significantly change the costs and timing associated with the development of that product candidate. Furthermore, our operating plans may change in the future, and we will continue to require additional capital to meet operational needs and capital requirements associated with such operating plans. If we raise additional funds by issuing equity securities, our stockholders may experience dilution. Any future debt financing into which we enter may impose upon us additional covenants that restrict our operations, including limitations on our ability to incur liens or additional debt, pay dividends, repurchase our common stock, make certain investments and engage in certain merger, consolidation or asset sale transactions. Any debt financing or additional equity that we raise may contain terms that are not favorable to us or our stockholders. If we are unable to raise additional funds when needed, we may be required to delay, reduce, or terminate some or all of our development programs and clinical trials. We may also be required to sell or license rights to our product candidates in certain territories or indications to others that we would prefer to develop and commercialize ourselves.

The significant uncertainties caused by the evolving effects of the COVID-19 pandemic may also negatively impact our operations and capital resources. We and our key clinical and manufacturing partners have been able to continue to advance our operations, and we continue to monitor the impact of COVID-19 on our ability to continue the development of, and seek regulatory approvals for, our product candidates, and begin to commercialize any approved products. This pandemic may ultimately have a material adverse effect on our liquidity and operating plans, although we are unable to make any prediction with certainty given the spread and rapidly changing nature of the pandemic and the evolving global actions taken to contain and treat the novel coronavirus.

Adequate additional funding may not be available to us on acceptable terms or at all. Our failure to raise capital as and when needed could have a negative impact on our financial condition and our ability to pursue our business strategies. See the section of this report titled “Part II, Item 1A — Risk Factors” for additional risks associated with our substantial capital requirements.

Summary Statement of Cash Flows

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

	Six Months Ended June 30,	
	2020	**2019**
	(in thousands)	
Net cash (used in) provided by:		
Operating activities	$ (31,837)	$ (20,157)
Investing activities	(10,416)	(23,192)
Financing activities	100,292	62
Net increase (decrease) in cash, cash equivalents and restricted cash	$ 58,039	$ (43,287)

Cash Flows from Operating Activities

The $11.7 million increase in cash used in operating activities for the six months ended June 30, 2020 as compared to 2019 was primarily driven by the increase in net loss during this period due to increased payroll and personnel expenses and manufacturing and clinical trial costs to support overall growth.

Cash Flows from Investing Activities

The $12.8 million decrease in cash used in investing activities for the six months ended June 30, 2020 as compared to 2019 was driven by the investment of funds from maturities of marketable securities into money market funds during 2020.

Cash Flows from Financing Activities

The $100.2 million increase in cash provided by financing activities for the six months ended June 30, 2020 as compared to 2019 was due to the proceeds from sale of future royalties to BBA.

Contractual Obligations and Commitments

The disclosure of our contractual obligations and commitments is set forth under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Contractual Obligations” in our Annual Report on Form 10-K for the year ended December 31, 2019. There have been no material changes in our contractual obligations and commitments since December 31, 2019, except as otherwise described in Note 6 to our unaudited condensed consolidated financial statements included in this report.

Critical Accounting Policies, Significant Judgments and Use of Estimates

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

During the six months ended June 30, 2020, there were no material changes to our critical accounting policies as reported in our Annual Report on Form 10-K for the year ended December 31, 2019, which was filed with the SEC on March 16, 2020, except as otherwise described in Note 2 to our unaudited condensed consolidated financial statements included in this report.

Off-Balance Sheet Arrangements

Since our inception, we have not engaged in any off-balance sheet arrangements, as defined in the rules and regulations of the SEC.

JOBS Act Accounting Election

The Jumpstart Our Business Startups Act of 2012, or JOBS Act permits an “emerging growth company” such as us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies until such pronouncements are made applicable to private companies, unless we otherwise irrevocably elect not to avail ourselves of this exemption. However, we have chosen to irrevocably “opt out” of such extended transition period, and as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. Section 107 of the JOBS Act provides that our decision to not take advantage of the extended transition period for complying with new or revised accounting standards is irrevocable.

Recent Accounting Pronouncements

A description of recently issued accounting pronouncements that may potentially impact our financial position and results of operations is discussed under Note 2 to our unaudited condensed consolidated financial statements included in this report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

During the six months ended June 30, 2020, there were no material changes to our market risk disclosures as reported in our Annual Report on Form 10-K for the year ended December 31, 2019, which was filed with the SEC on March 16, 2020.

Item 4. Controls and Procedures.

Management's Evaluation of our Disclosure Controls and Procedures

We maintain "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (2) accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based upon such evaluation, management concluded that the design and operation of our disclosure controls and procedures were effective at a reasonable assurance level as of June 30, 2020.

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting during the quarter ended June 30, 2020, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. In response to the COVID-19 global pandemic, remote working arrangements have been implemented for non-essential employees since March 17, 2020. Management has taken measures to ensure that the internal control over financial reporting remains materially unchanged during this period and will continually monitor and assess internal controls to minimize impact on their design and operating effectiveness.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we may become involved in litigation relating to claims arising from the ordinary course of business. As of the date of this report, there are no claims or actions pending against us, the ultimate disposition of which could have a material adverse effect on our results of operations or financial condition.

Item 1A. Risk Factors.

You should consider carefully the following risk factors, together with all the other information in this report, including the section of this report titled "Part I, Item 2 — Management's Discussion and Analysis of Financial Condition and Results of Operations" and our unaudited condensed financial statements and notes thereto. The occurrence of any events described in the following risk factors and the risks described elsewhere in this report could harm our business, operating results, financial condition, and/or growth prospects or cause our actual results to differ materially from those contained in forward-looking statements that we have made in this report and those we may make from time to time. You should consider all of the risk factors described when evaluating our business.

Risks Related to Our Business, Financial Condition and Capital Requirements

We are in the early clinical stage of drug development and have a very limited operating history and no products approved for commercial sale, which may make it difficult to evaluate our current business and predict our future success and viability.

We are a biopharmaceutical company committed to researching, developing and commercializing transformative therapeutics to treat high prevalence retinal diseases. We commenced operations in June 2009, have no products approved for commercial sale and have not generated any revenue. Drug development is a highly uncertain undertaking and involves a substantial degree of risk. Except for KSI-301, we have not initiated clinical trials for any of our other product candidates. To date, we have not completed a pivotal clinical trial, obtained marketing approval for any product candidates, manufactured a commercial scale product, or conducted sales and marketing activities necessary for successful product commercialization. Our limited operating history as a company and early stage of drug development make any assessment of our future success and viability subject to significant uncertainty. We will encounter risks and difficulties frequently experienced by early-stage biopharmaceutical companies in rapidly evolving fields, and we have not yet demonstrated an ability to successfully overcome such risks and difficulties. If we do not address these risks and difficulties successfully, our business will suffer.

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

We have incurred net losses in each reporting period since our inception, including net loss of $50.4 million for the six months ended June 30, 2020. As of June 30, 2020, we had an accumulated deficit of $208.5 million.

We have invested significant financial resources in research and development activities, including for our product candidates and our ABC Platform. We do not expect to generate revenue from product sales for several years, if at all. The amount of our future net losses will depend, in part, on the level of our future expenditures and our ability to generate revenue. Moreover, our net losses may fluctuate significantly from quarter to quarter and year to year, such that a period-to-period comparison of our results of operations may not be a good indication of our future performance.

We expect to continue to incur significant and increasingly higher expenses and operating losses for the foreseeable future. We anticipate that our expenses will increase substantially if and as we:

- progress our current and any future product candidates through preclinical and clinical development;
- work with our contract manufacturers to scale up the manufacturing processes for our product candidates or, in the future, establish and operate a manufacturing facility;
- continue our research and discovery activities;
- continue the development of our ABC Platform;
- initiate and conduct additional preclinical, clinical or other studies for our product candidates;
- change or add additional contract manufacturers or suppliers;
- seek regulatory approvals and marketing authorizations for our product candidates;
- establish sales, marketing and distribution infrastructure to commercialize any products for which we obtain approval;

- acquire or in-license product candidates, intellectual property and technologies;
- make milestone, royalty or other payments due under any current or future collaboration or license agreements;
- obtain, maintain, expand, protect and enforce our intellectual property portfolio;
- attract, hire and retain qualified personnel;
- experience any delays or encounter other issues related to our operations;
- meet the requirements and demands of being a public company; and
- defend against any product liability claims or other lawsuits related to our products.

Our prior losses and expected future losses have had and will continue to have an adverse effect on our stockholders' equity and working capital. In any particular quarter or quarters, our operating results could be below the expectations of securities analysts or investors, which could cause our stock price to decline.

Drug development is a highly uncertain undertaking and involves a substantial degree of risk. We have never generated any revenue from product sales, and we may never generate revenue or be profitable.

We have no products approved for commercial sale and have not generated any revenue from product sales. We do not anticipate generating any revenue from product sales until after we have successfully completed clinical development and received regulatory approval for the commercial sale of a product candidate, if ever.

Our ability to generate revenue and achieve profitability depends significantly on many factors, including:

- successfully completing research and preclinical and clinical development of our product candidates;
- obtaining regulatory approvals and marketing authorizations for product candidates for which we successfully complete clinical development and clinical trials;
- developing a sustainable and scalable manufacturing process for our product candidates, as well as establishing and maintaining commercially viable supply relationships with third parties that can provide adequate products and services to support clinical activities and any commercial demand for our product candidates;
- identifying, assessing, acquiring and/or developing new product candidates;
- negotiating favorable terms in any collaboration, licensing or other arrangements into which we may enter;
- launching and successfully commercializing product candidates for which we obtain regulatory and marketing approval, either by collaborating with a partner or, if launched independently, by establishing a sales, marketing and distribution infrastructure;
- obtaining and maintaining an adequate price for our product candidates, both in the United States and in foreign countries where our products are commercialized;
- obtaining adequate reimbursement for our product candidates from payors;
- obtaining market acceptance of our product candidates as viable treatment options;
- addressing any competing technological and market developments;
- maintaining, protecting, expanding and enforcing our portfolio of intellectual property rights, including patents, trade secrets and know-how; and
- attracting, hiring and retaining qualified personnel.

Because of the numerous risks and uncertainties associated with drug development, we are unable to predict the timing or amount of our expenses, or when we will be able to generate any meaningful revenue or achieve or maintain profitability, if ever. In addition, our expenses could increase beyond our current expectations if we are required by the FDA or foreign regulatory agencies, to perform studies in addition to those that we currently anticipate, or if there are any delays in any of our or our future collaborators' clinical trials or the development of any of our product candidates. Even if one or more of our product candidates is approved for commercial sale, we anticipate incurring significant costs associated with commercializing any approved product candidate and ongoing compliance efforts.

Even if we are able to generate revenue from the sale of any approved products, we may not become profitable, and we will need to obtain additional funding through one or more debt or equity financings in order to continue operations. Revenue from the sale of any product candidate for which regulatory approval is obtained will be dependent, in part, upon the size of the markets in the territories for which we gain regulatory approval, the accepted price for the product, the ability to get reimbursement at any price and whether we own the commercial rights for that territory. If the number of addressable patients is not as significant as we anticipate, the indication approved by regulatory authorities is narrower than we expect, or the reasonably accepted population for treatment is narrowed by competition, physician choice or treatment guidelines, we may not generate significant revenue from sales of such products, even if approved. 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 profitable could decrease the value of our company and could impair our ability to raise capital, expand our business, maintain our research and development efforts, diversify our pipeline of product candidates or continue our operations and cause a decline in the value of our common stock, all or any of which may adversely affect our viability.

If we fail to obtain additional financing, we may be unable to complete the development and, if approved, commercialization of our product candidates.

Our operations have required substantial amounts of cash since inception. To date, we have funded our operations primarily through the sale of equity securities. Developing our product candidates is expensive, and we expect to substantially increase our spending as we advance KSI-301 into Phase 3 clinical trials. Even if we are successful in developing our product candidates, obtaining regulatory approvals and launching and commercializing any product candidate will require substantial additional funding.

As of June 30, 2020, we had cash, cash equivalents and marketable securities of $417.1 million. Our estimate as to how long we expect our existing cash, cash equivalents and marketable securities to be available to fund our operations is based on assumptions that may prove inaccurate, and we could deplete our available capital resources sooner than we currently expect. In addition, changing circumstances may cause us to increase our spending significantly faster than we currently anticipate, and we may need to spend more money than currently expected because of circumstances beyond our control. We may need to raise additional funds sooner than we anticipate if we choose to expand more rapidly than we presently anticipate.

We will require additional capital for the further development and, if approved, commercialization of our product candidates. Additional capital may not be available when we need it, on terms acceptable to us or at all. For example, the recent outbreak of COVID-19 has significantly disrupted world financial markets, negatively impacted US market conditions, increased the volatility of trading prices for biopharmaceutical companies, and may reduce opportunities for us to seek out additional funding when needed. We have no committed source of additional capital. If adequate capital is not available to us on a timely basis, we may be required to significantly delay, scale back or discontinue our research and development programs or the commercialization of any product candidates, if approved, or be unable to continue or expand our operations or otherwise capitalize on our business opportunities, as desired, which could materially affect our business, financial condition and results of operations and cause the price of our common stock to decline.

Due to the significant resources required for the development of our product candidates, and depending on our ability to access capital, we must prioritize development of certain product candidates. Moreover, we may expend our limited resources on product candidates that do not yield a successful product and fail to capitalize on product candidates or indications that may be more profitable or for which there is a greater likelihood of success.

Due to the significant resources required for the development of our product candidates, we must decide which product candidates and indications to pursue and advance and the amount of resources to allocate to each. Our decisions concerning the allocation of research, development, collaboration, management and financial resources toward particular product candidates or therapeutic areas may not lead to the development of any viable commercial product and may divert resources away from better opportunities. Similarly, our potential decisions to delay, terminate or collaborate with third parties in respect of certain product candidates may subsequently also prove to be suboptimal and could cause us to miss valuable opportunities. If we make incorrect determinations regarding the viability or market potential of any of our product candidates or misread trends in the biopharmaceutical industry, in particular for retinal diseases, our business, financial condition and results of operations could be materially adversely affected. As a result, we may fail to capitalize on viable commercial products or profitable market opportunities, be required to forego or delay pursuit of opportunities with other product candidates or other diseases and disease pathways that may later prove to have greater commercial potential than those we choose to pursue, or relinquish valuable rights to such product candidates through collaboration, licensing or other royalty arrangements in cases in which it would have been advantageous for us to invest additional resources to retain sole development and commercialization rights.

Risks Related to the Discovery, Development and Commercialization of Our Product Candidates

Our prospects are heavily dependent on KSI-301, which is in the early stages of clinical development and is the only product candidate that we expect to be in clinical development in the near term.

KSI-301 is our only product candidate that we expect to be in clinical studies in the near term. It may be years before DAZZLE and/or any other registrational type trial is completed, if at all. Further, we cannot be certain that either KSI-301 or any of our product candidates will be successful in clinical trials.

Our early encouraging preclinical and Phase 1/1b clinical trial results for KSI-301 are not necessarily predictive of the results of our ongoing or future discovery programs or clinical studies including later-stage preclinical studies or in humans during clinical studies. Many companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in late-stage clinical studies after achieving positive results in early-stage development, including early-stage clinical studies, and we cannot be certain that we will not face similar setbacks. These setbacks have been caused by, among other things, preclinical findings made while clinical studies were underway or safety or efficacy observations made in preclinical studies and clinical studies, including previously unreported adverse events.

There can be significant variability in safety or efficacy results between different clinical studies of the same product candidate due to numerous factors, including changes in study procedures set forth in protocols, differences in the size and type of the patient populations, changes in and adherence to the clinical study protocols and the rate of dropout among clinical study participants. Moreover, preclinical and clinical data are often susceptible to varying interpretations and analyses, and many companies that believed their product candidates performed satisfactorily in preclinical studies and clinical studies nonetheless failed to obtain FDA approval.

We may in the future advance product candidates into clinical trials and terminate such trials prior to their completion. While we have certain preclinical programs in development and intend to develop other product candidates, it will take additional investment and time for such programs to reach the same stage of development as KSI-301.

A failure of KSI-301 in clinical development may require us to discontinue development of other product candidates based on our ABC Platform.

If KSI-301 fails in development as a result of any underlying problem with our platform, then we may discontinue development of some or all of our product candidates that are based on our ABC Platform. If we discontinue development of KSI-301, or if KSI-301 were to fail to receive regulatory approval or were to fail to achieve sufficient market acceptance, we could be prevented from or significantly delayed in achieving profitability.

Research and development of biopharmaceutical products is inherently risky. We cannot give any assurance that any of our product candidates will receive regulatory, including marketing, approval, which is necessary before they can be commercialized.

We are at an early stage of development of our product candidates. Our future success is dependent on our ability to successfully develop, obtain regulatory approval for, and then successfully commercialize our product candidates, and we may fail to do so for many reasons, including the following:

- our product candidates may not successfully complete preclinical studies or clinical trials;
- a product candidate may on further study be shown to have harmful side effects or other characteristics that indicate it is unlikely to be effective or otherwise does not meet applicable regulatory criteria;
- our competitors may develop therapeutics that render our product candidates obsolete or less attractive;
- our competitors may develop platform technologies that render our ABC Platform obsolete or less attractive;
- the product candidates and ABC Platform that we develop may not be sufficiently covered by intellectual property for which we hold exclusive rights or may be covered by third party patents or other intellectual property or exclusive rights;
- the market for a product candidate may change so that the continued development of that product candidate is no longer reasonable or commercially attractive;
- a product candidate may not be capable of being produced in commercial quantities at an acceptable cost, or at all;
- if a product candidate obtains regulatory approval, we may be unable to establish sales and marketing capabilities, or successfully market such approved product candidate, to gain market acceptance; and
- a product candidate may not be accepted as safe and effective by patients, the medical community or third-party payors, if applicable.

If any of these events occur, we may be forced to abandon our development efforts for a product candidate or candidates, which would have a material adverse effect on our business and could potentially cause us to cease operations. Failure of a product candidate may occur at any stage of preclinical or clinical development, and, because our product candidates and our ABC Platform are in an early stage of development, there is a relatively higher risk of failure and we may never succeed in developing marketable products or generating product revenue.

We may not be successful in our efforts to further develop our ABC Platform and current product candidates. We are not permitted to market or promote any of our product candidates before we receive regulatory approval from the FDA or comparable foreign regulatory authorities, and we may never receive such regulatory approval for any of our product candidates. Each of our product candidates is in the early stages of development and will require significant additional clinical development, management of preclinical, clinical, and manufacturing activities, regulatory approval, adequate manufacturing supply, a commercial organization, and significant marketing efforts before we generate any revenue from product sales, if at all. Any clinical studies that we may conduct may not demonstrate the efficacy and safety necessary to obtain regulatory approval to market our product candidates. If the results of our ongoing or future clinical studies are inconclusive with respect to the efficacy of our product candidates or if we do not meet the clinical endpoints with statistical significance or if there are safety concerns or adverse events associated with our product candidates, we may be prevented or delayed in obtaining marketing approval for our product candidates.

If any of our product candidates successfully completes clinical trials, we generally plan to seek regulatory approval to market our product candidates in the United States, the EU, and in additional foreign countries where we believe there is a viable commercial opportunity. We have never commenced, compiled or submitted an application seeking regulatory approval to market any product candidate. We may never receive regulatory approval to market any product candidates even if such product candidates successfully complete clinical trials, which would adversely affect our viability. To obtain regulatory approval in countries outside the United States, we must comply with numerous and varying regulatory requirements of such other countries regarding safety, efficacy, chemistry, manufacturing and controls, clinical trials, commercial sales, pricing, and distribution of our product candidates. We may also rely on our collaborators or partners to conduct the required activities to support an application for regulatory approval, and to seek approval, for one or more of our product candidates. We cannot be sure that our collaborators or partners will conduct these activities successfully or do so within the timeframe we desire. Even if we (or our collaborators or partners) are successful in obtaining approval in one jurisdiction, we cannot ensure that we will obtain approval in any other jurisdictions. If we are unable to obtain approval for our product candidates in multiple jurisdictions, our revenue and results of operations could be negatively affected.

Even if we receive regulatory approval to market any of our product candidates, we cannot assure you that any such product candidate will be successfully commercialized, widely accepted in the marketplace or more effective than other commercially available alternatives. That approval may be for indications or patient populations that are not as broad as intended or desired or may require labeling that includes significant use or distribution restrictions or safety warnings. We may also be required to perform additional or unanticipated clinical studies to obtain approval or be subject to additional post-marketing testing requirements to maintain regulatory approval. In addition, regulatory authorities may withdraw their approval of a product or impose restrictions on its distribution, such as in the form of a modified Risk Evaluation and Mitigation Strategy, or REMS. The failure to obtain timely regulatory approval of product candidates, any product marketing limitations or a product withdrawal would negatively impact our business, results of operations and financial condition.

Investment in biopharmaceutical product development involves significant risk that any product candidate will fail to demonstrate adequate efficacy or an acceptable safety profile, gain regulatory approval, and become commercially viable. We cannot provide any assurance that we will be able to successfully advance any of our product candidates through the development process or, if approved, successfully commercialize any of our product candidates.

We may encounter substantial delays in our clinical trials, or may not be able to conduct or complete our clinical trials on the timelines we expect, if at all.

Clinical testing is expensive, time consuming, and subject to uncertainty. We cannot guarantee that any clinical trials will be conducted as planned or completed on schedule, if at all. We cannot be sure that submission of an IND application or a clinical trial application, or CTA, will result in the FDA, European Medicines Agency, or EMA, the Center for Drug Evaluation under the China National Medical Products Administration, or CDE, or any other regulatory authority as applicable, allowing clinical trials to begin in a timely manner, if at all. Moreover, even if these trials begin, issues may arise that could suspend or terminate such clinical trials. A failure of one or more clinical trials can occur at any stage of testing, and our future clinical trials may not be successful. Events that may prevent successful or timely initiation or completion of clinical trials include:

- inability to generate sufficient preclinical, toxicology, or other *in vivo* or *in vitro* data to support the initiation or continuation of clinical trials;
- delays in reaching a consensus with regulatory agencies on study design or, in the case of China, the registration category for the drug candidate to be studied in the clinical trial;

- the determination by the reviewing regulatory authority to require more costly or lengthy clinical trials than we currently anticipate;
- delays in reaching agreement on acceptable terms with prospective CROs, and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and clinical trial sites;
- delays in identifying, recruiting and training suitable clinical investigators;
- delays in obtaining required Institutional Review Board, or IRB, approval at each clinical trial site;
- imposition of a temporary or permanent clinical hold by regulatory agencies for a number of reasons, including after review of an IND or amendment, CTA or amendment, or equivalent application or amendment; as a result of a new safety finding that presents unreasonable risk to clinical trial participants; a negative finding from an inspection of our clinical trial operations or study sites; developments on trials conducted by competitors for related technology that raises FDA, EMA, CDE or any other regulatory authority concerns about risk to patients of the technology broadly; or if the FDA, EMA, CDE or any other regulatory authority finds that the investigational protocol or plan is clearly deficient to meet its stated objectives;
- delays in identifying, recruiting and enrolling suitable patients to participate in our clinical trials, and delays caused by patients withdrawing from clinical trials or failing to return for post-treatment follow-up;
- difficulty collaborating with patient groups and investigators;
- failure by our CROs, other third parties, or us to adhere to clinical trial requirements;
- failure to perform in accordance with the FDA's or any other regulatory authority's current good clinical practices, or cGCPs, requirements, or applicable EMA, CDE or other regulatory guidelines in other countries;
- occurrence of adverse events associated with the product candidate that are viewed to outweigh its potential benefits;
- changes in regulatory requirements and guidance that require amending or submitting new clinical protocols;
- changes in the standard of care on which a clinical development plan was based, which may require new or additional trials;
- the cost of clinical trials of our product candidates being greater than we anticipate;
- clinical trials of our product candidates producing negative or inconclusive results, which may result in our deciding, or regulators requiring us, to conduct additional clinical trials or abandon development of such product candidates;
- transfer of manufacturing processes to larger-scale facilities operated by CMOs or by us, and delays or failure by our CMOs or us to make any necessary changes to such manufacturing process; and
- delays in manufacturing, testing, releasing, validating, or importing/exporting sufficient stable quantities of our product candidates for use in clinical trials or the inability to do any of the foregoing.

Any inability to successfully initiate or complete clinical trials could result in additional costs to us or impair our ability to generate revenue. In addition, if we make manufacturing or formulation changes to our product candidates, we may be required to or we may elect to conduct additional studies to bridge our modified product candidates to earlier versions. Clinical trial delays could also shorten any periods during which our products have patent protection and may allow our competitors to bring products to market before we do, which could impair our ability to successfully commercialize our product candidates and may harm our business and results of operations.

We could also encounter delays if a clinical trial is suspended or terminated by us, by the data safety monitoring board for such trial or by the FDA, EMA, CDE or any other regulatory authority, or if the IRBs of the institutions in which such trials are being conducted suspend or terminate the participation of their clinical investigators and sites subject to their review. Such authorities may suspend or terminate a clinical trial 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, EMA, CDE or other regulatory authorities resulting in the imposition of a clinical hold, unforeseen safety issues or adverse side effects, failure to demonstrate a benefit from using a product candidate, changes in governmental regulations or administrative actions or lack of adequate funding to continue the clinical trial.

Delays in the commencement or completion of any clinical trial of our product candidates will increase our costs, slow down our product candidate development and approval process and delay or potentially jeopardize our ability to commence product sales and generate revenue. In addition, many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our product candidates.

Our product candidates may cause undesirable side effects or have other properties that could halt their clinical development, prevent their regulatory approval, limit their commercial potential or result in significant negative consequences.

Adverse events or other 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, EMA, CDE or other comparable foreign regulatory authorities.

During the conduct of clinical trials, patients report changes in their health, including illnesses, injuries, and discomforts, to their study doctor. Often, it is not possible to determine whether or not the product candidate being studied caused these conditions. It is possible that as we test our product candidates in larger, longer and more extensive clinical trials, or as use of these product candidates becomes more widespread if they receive regulatory approval, illnesses, injuries, discomforts and other adverse events that were not observed in earlier trials, as well as conditions that did not occur or went undetected in previous trials, will be reported by patients. Many times, side effects are only detectable after investigational products are tested in large-scale, Phase 3 clinical trials or, in some cases, after they are made available to patients on a commercial scale after approval. If additional clinical experience indicates that any of our product candidates has side effects or causes serious or life-threatening side effects, the development of the product candidate may fail or be delayed, or, if the product candidate has received regulatory approval, such approval may be revoked, which would severely harm our business, prospects, operating results and financial condition.

Our most advanced product candidate, KSI-301, is an anti-VEGF biologic that we intend to study in wet AMD, DME/DR and RVO. There are some potential side effects associated with intravitreal anti-VEGF therapies such as intraocular hemorrhage, intraocular pressure elevation, retinal detachment, inflammation, vasculitis, artery occlusion or infection inside the eye and over-inhibition of VEGF, as well as the potential for potential systemic side effects such as heart attack, stroke, wound healing problems, and high blood pressure. Recent trends in the development of anti-VEGF therapies have favored increased molar dosages, as compared to currently marketed treatments. To date these heightened dosages have not exhibited a safety profile significantly worse than that of current treatments, as attributable to molar dose. However, anti-VEGF product candidates featuring higher molar dosages, including KSI-301, may heighten the risk of adverse effects associated with anti-VEGF treatments generally, both in the eye and in the rest of the body. There are risks inherent in the intravitreal injection procedure of drugs like KSI-301 which can cause injury to the eye and other complications including conjunctival hemorrhage, punctate keratitis, eye pain, conjunctival hyperemia, intra-ocular inflammation, and endophthalmitis.

Drug-related side effects could affect patient recruitment, the ability of enrolled patients to complete the study and/or result in potential product liability claims. We may not be able to maintain insurance coverage at a reasonable cost or in sufficient amounts to protect us against losses due to liability. A successful product liability claim or series of claims brought against us could cause our stock price to decline and, if judgments exceed our insurance coverage, could adversely affect our results of operations and business. In addition, regardless of merit or eventual outcome, product liability claims may result in impairment of our business reputation, withdrawal of clinical trial participants, costs due to related litigation, distraction of management's attention from our primary business, initiation of investigations by regulators, substantial monetary awards to patients or other claimants, the inability to commercialize our product candidates and decreased demand for our product candidates, if approved for commercial sale.

Additionally, if one or more of our product candidates receives marketing approval, and we or others later identify undesirable side effects or adverse events caused by such products, a number of potentially significant negative consequences could result, including but not limited to:

- regulatory authorities may withdraw approvals of such product;
- regulatory authorities may require additional warnings on the label;
- we may be required to change the way the product is administered or conduct additional clinical trials or post-approval studies;
- we may be required to create a Risk Evaluation and Mitigation Strategy plan, which could include a medication guide outlining the risks of such side effects for distribution to patients, a communication plan for healthcare providers and/or other elements to assure safe use;
- we could be sued and held liable for harm caused to patients; 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.

We may encounter difficulties enrolling patients in our clinical trials, and our clinical development activities could thereby be delayed or otherwise adversely affected.

The timely completion of clinical trials in accordance with their protocols depends, among other things, on our ability to enroll a sufficient number of patients who remain in the trial until its conclusion. We may experience difficulties in patient enrollment in our clinical trials for a variety of reasons, including:

- the size and nature of the patient population;
- the patient eligibility criteria defined in the protocol, including certain highly-specific criteria related to stage of disease progression, which may limit the patient populations eligible for our clinical trials to a greater extent than competing clinical trials for the same indication that do not have such patient eligibility criteria;
- the size of the study population required for analysis of the trial's primary endpoints;
- the proximity of patients to a trial site;
- the effects of health epidemics, including the ongoing COVID-19 pandemic and the resulting shelter-in-place or similar restrictions;
- the design of the trial;
- our ability to recruit clinical trial investigators with the appropriate competencies and experience;
- competing clinical trials for similar therapies or targeting patient populations meeting our patient eligibility criteria;
- clinicians' and patients' perceptions as to the potential advantages and side effects of the product candidate being studied in relation to other available therapies and product candidates;
- our ability to obtain and maintain patient consents; and
- the risk that patients enrolled in clinical trials will not complete such trials, for any reason.

For example, because patients with early stages of DR often lack symptoms, it may be challenging to identify and enroll patients at early stages of disease that may be required for a clinical trial. Our inability to enroll a sufficient number of patients for our clinical trials could result in significant delays or may require us to abandon one or more clinical trials altogether. Enrollment delays in our clinical trials may result in increased development costs for our product candidates, delay or halt the development of and approval processes for our product candidates and jeopardize our ability to commence sales of and generate revenues from our product candidates, which may harm our business and results of operation.

Our clinical trials may fail to demonstrate substantial evidence of the safety and efficacy or durability of our product candidates, which would prevent, delay or limit the scope of regulatory approval and commercialization.

Before obtaining regulatory approvals for the commercial sale of any of our product candidates, we must demonstrate through lengthy, complex and expensive preclinical studies and clinical trials that our product candidates are both safe and effective for use in each target indication. For those product candidates that are subject to regulation as biological drug products, we will need to demonstrate that they are safe, pure, and potent for use in their target indications. Each product candidate must demonstrate an adequate risk versus benefit profile in its intended patient population and for its intended use. This is especially true for anti-VEGF biologic agents where Lucentis and Eylea are established products with accepted safety profiles.

Clinical testing is expensive and can take many years to complete, and its outcome is inherently uncertain. Failure can occur at any time during the clinical trial process. The results of preclinical studies of our product candidates may not be predictive of the results of early-stage or later-stage clinical trials, and results of early clinical trials of our product candidates may not be predictive of the results of later-stage clinical trials. The results of clinical trials in one set of patients or disease indications may not be predictive of those obtained in another. In some instances, there can be significant variability in safety, efficacy or durability results between different clinical trials of the same product candidate due to numerous factors, including changes in trial procedures set forth in protocols, differences in the size and type of the patient populations, changes in and adherence to the dosing regimen and other clinical trial protocols and the rate of dropout among clinical trial participants. Product candidates in later stages of clinical trials may fail to show the desired safety, efficacy and durability profile despite having progressed through preclinical studies and initial clinical trials. A number of companies in the biopharmaceutical industry have suffered significant setbacks in advanced clinical trials due to lack of efficacy or unacceptable safety issues, notwithstanding promising results in earlier trials. Most product candidates that begin clinical trials are never approved by regulatory authorities for commercialization.

We may be unable to design and execute clinical trials that support marketing approval. We cannot be certain that our planned clinical trials or any other future clinical trials will be successful. Additionally, 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.

In addition, even if such clinical trials are successfully completed, we cannot guarantee that the FDA or foreign regulatory authorities will interpret the results as we do, and more trials could be required before we submit our product candidates for approval. To the extent that the results of the trials are not satisfactory to the FDA or foreign regulatory authorities for support of a marketing application, we may be required to expend significant resources, which may not be available to us, to conduct additional trials in support of potential approval of our product candidates. Even if regulatory approval is secured for any of our product candidates, the terms of such approval may limit the scope and use of our product candidate, which may also limit its commercial potential.

We may not be successful in our efforts to continue to create a pipeline of product candidates or to develop commercially successful products. If we fail to successfully identify and develop additional product candidates, our commercial opportunity may be limited.

One of our strategies is to identify and pursue clinical development of additional product candidates through our ABC Platform. Our ABC Platform may not produce a pipeline of viable product candidates, or our competitors may develop platform technologies that render our ABC Platform obsolete or less attractive. Our research methodology may be unsuccessful in identifying potential product candidates, or our potential product candidates may be shown to have harmful side effects or may have other characteristics that may make them unmarketable or unlikely to receive marketing approval. Identifying, developing, obtaining regulatory approval and commercializing additional product candidates for the treatment of retinal diseases will require substantial additional funding and is prone to the risks of failure inherent in drug development. If we are unable to successfully identify, acquire, develop and commercialize additional product candidates, our commercial opportunity may be limited.

We face significant competition in an environment of rapid technological and scientific change, and there is a possibility that our competitors may retain their market share with existing drugs, or achieve regulatory approval before us or develop therapies that are safer, more advanced or more effective than ours, which may negatively impact our ability to successfully market or commercialize any product candidates we may develop and ultimately harm our financial condition.

The development and commercialization of new drug products is highly competitive. We may face competition with respect to any product candidates that we seek to develop or commercialize in the future from major pharmaceutical companies, specialty pharmaceutical companies, and biotechnology companies worldwide. Potential competitors also include academic institutions, government agencies, and other public and private research organizations that conduct research, seek patent protection, and establish collaborative arrangements for research, development, manufacturing, and commercialization.

There are a number of large pharmaceutical and biotechnology companies that are currently pursuing the development of products for the treatment of the retinal disease indications for which we have product candidates, including wet AMD and DME/DR. Certain of our competitors have commercially approved products for the treatment of retinal diseases that we are pursuing or may pursue in the future, including Roche, Regeneron and Novartis for the treatment of wet AMD and DME/DR. These drugs are well established therapies and are widely accepted by physicians, patients and third-party payors, which may make it difficult to convince these parties to switch to KSI-301. Companies that we are aware are developing therapeutics in the retinal disease area include large companies with significant financial resources, such as Roche, Novartis, Bayer and Regeneron, AbbVie/Allergan, Mylan, Momenta and Samsung Bioepis. In addition to competition from other companies targeting retinal indications, any products we may develop may also face competition from other types of therapies, such as gene-editing therapies and drug delivery devices.

Many of our current or potential competitors, either alone or with their strategic partners, have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals, and marketing approved products than we do. Mergers and acquisitions in the pharmaceutical and biotechnology industries may result in even more resources being concentrated among a smaller number of our competitors. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These competitors also compete with us in recruiting and retaining qualified scientific and management personnel and establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our product candidates. 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, are more convenient, or are less expensive than any products that we may develop. Furthermore, currently approved products could be discovered to have application for treatment of retinal disease indications, which could give such products significant regulatory and market timing advantages over any of our product candidates. Our competitors also may obtain FDA, EMA, CDE or other regulatory approval for their products more rapidly than we may obtain approval for ours. Additionally, products or technologies developed by our competitors may render our potential product candidates uneconomical or obsolete, and we may not be successful in marketing any product candidates we may develop against competitors.

In addition, we could face litigation or other proceedings with respect to the scope, ownership, validity and/or enforceability of our patents relating to our competitors' products and our competitors may allege that our products infringe, misappropriate or otherwise violate their intellectual property. For more information regarding potential disputes concerning intellectual property, see the subsection of this report titled "Risks Related to Our Intellectual Property."

The manufacture of our product candidates is highly complex and requires substantial lead time to produce.

Manufacturing our product candidates involves complex processes, including developing cells or cell systems to produce the biologic, growing large quantities of such cells, and harvesting and purifying the biologic produced by them. These processes require specialized facilities, highly specific raw materials and other production constraints. As a result, the cost to manufacture a biologic is generally far higher than traditional small molecule chemical compounds, and the biologics manufacturing process is less reliable and is difficult to reproduce. Because of the complex nature of our products, we need to oversee the manufacture of multiple components that require a diverse knowledge base and specialized personnel.

Moreover, unlike chemical pharmaceuticals, the physical and chemical properties of a biologic such as our product candidates generally cannot be adequately characterized prior to manufacturing the final product. As a result, an assay of the finished product is not sufficient to ensure that the product will perform in the intended manner. Accordingly, we expect to employ multiple steps to attempt to control our manufacturing process to assure that the process works and the product or product candidate is made strictly and consistently in compliance with the process

Manufacturing biologics is highly susceptible to product loss due to contamination, equipment failure, improper installation or operation of equipment, vendor or operator error, improper storage or transfer, inconsistency in yields and variability in product characteristics. Even minor deviations from normal manufacturing, distribution or storage processes could result in reduced production yields, product defects and other supply disruptions. Some of the raw materials required in our manufacturing process are derived from biological sources. Such raw materials are difficult to procure and may also be subject to contamination or recall. A material shortage, contamination, recall or restriction on the use of biologically derived substances in the manufacture of our product candidates could adversely impact or disrupt commercialization. Production of additional drug substance and drug product for any of our product candidates may require substantial lead time. For example, currently any new large-scale batches of KSI-301 would require at least 12 months to manufacture. In the event of significant product loss and materials shortages, we may be unable to produce adequate amounts of our product candidates or products for our operational needs.

Further, as product candidates are developed through preclinical studies to late-stage clinical trials towards approval and commercialization, it is common that various aspects of the development program, such as manufacturing methods, are altered along the way in an effort to optimize processes and results. Such changes carry the risk that they will not achieve these intended objectives, and any of these changes could cause our product candidates to perform differently and affect the results of planned clinical trials or other future clinical trials.

These challenges are magnified by the international nature of our supply chain, which, for KSI-301, requires drug substance and drug product sourced from single source suppliers from China, Japan, the United Kingdom, and Switzerland.

We have no experience manufacturing any of our product candidates at a commercial scale. If we or any of our third-party manufacturers encounter difficulties in production, or fail to meet rigorously enforced regulatory standards, our ability to provide supply of our product candidates for clinical trials or our products for patients, if approved, could be delayed or stopped, or we may be unable to establish a commercially viable cost structure.

In order to conduct clinical trials of our product candidates, or supply commercial products, if approved, we will need to manufacture them in small and large quantities. Our third-party manufacturer has made only a limited number of lots of KSI-301 to date and has not made any commercial lots. The manufacturing processes for KSI-301 have never been tested at commercial scale and the process validation requirement (the requirement to consistently produce the active pharmaceutical ingredient used in KSI-301 in commercial quantities and of specified quality on a repeated basis and document its ability to do so) has not yet been satisfied. Our manufacturing partners may be unable to successfully increase the manufacturing capacity for any of our product candidates in a timely or cost-effective manner, or at all. In addition, quality issues may arise during scale-up activities. If our manufacturing partners are unable to successfully scale up the manufacture of our product candidates in sufficient quality and quantity, the development, testing and clinical trials of our product candidates may be delayed or become infeasible, and regulatory approval or commercial launch of any resulting product may be delayed or not obtained, which could significantly harm our business. The same risks would apply to any internal manufacturing facilities, should we in the future decide to build internal manufacturing capacity.

In addition, the manufacturing process for any products that we may develop is subject to FDA, EMA, CDE and foreign regulatory authority approval processes and continuous oversight. We will need to contract with manufacturers who can meet all applicable FDA, EMA, CDE and foreign regulatory authority requirements, including complying with current good manufacturing practices, or cGMPs, on an ongoing basis. If we or our third-party manufacturers are unable to reliably produce products to specifications acceptable to the FDA, EMA, CDE or other regulatory authorities, we may not obtain or maintain the approvals we need to commercialize such products. Even if we obtain regulatory approval for any of our product candidates, there is no assurance that either we or our CMOs will be able to manufacture the approved product to specifications acceptable to the FDA, EMA, CDE or other regulatory authorities, to produce it in sufficient quantities to meet the requirements for the potential launch of the product, or to meet potential future demand. Any of these challenges could delay completion of clinical trials, require bridging clinical trials or the repetition of one or more clinical trials, increase clinical trial costs, delay approval of our product candidate, impair commercialization efforts, increase our cost of goods, and have an adverse effect on our business, financial condition, results of operations and growth prospects.

If, in the future, we are unable to establish sales and marketing capabilities or enter into agreements with third parties to sell and market any product candidates we may develop, we may not be successful in commercializing those product candidates if and when they are approved.

We do not have a sales or marketing infrastructure and have no experience in the sale, marketing or distribution of pharmaceutical products. To achieve commercial success for any approved product for which we retain sales and marketing responsibilities, we must either develop a sales and marketing organization or outsource these functions to third parties. In the future, we may choose to build a focused sales, marketing and commercial support infrastructure to sell, or participate in sales activities with our collaborators for, some of our product candidates if and when they are approved.

There are risks involved with both establishing our own commercial capabilities and entering into arrangements with third parties to perform these services. For example, recruiting and training a sales force or reimbursement specialists is expensive and time consuming and could delay any product launch. If the commercial launch of a product candidate for which we recruit a sales force and establish marketing and other commercialization capabilities is delayed or does not occur for any reason, we would have prematurely or unnecessarily incurred these commercialization expenses. This may be costly, and our investment would be lost if we cannot retain or reposition our commercialization personnel.

Factors that may inhibit our efforts to commercialize any approved product on our own include:

- our inability to recruit and retain adequate numbers of effective sales, marketing, reimbursement, customer service, medical affairs and other support personnel;
- the inability of sales personnel to obtain access to physicians or educate adequate numbers of physicians on the benefits of prescribing any future approved products;
- the inability of reimbursement professionals to negotiate arrangements for formulary access, reimbursement, and other acceptance by payors;
- the inability to price our products at a sufficient price point to ensure an adequate and attractive level of profitability;
- restricted or closed distribution channels that make it difficult to distribute our products to segments of the patient population;
- the lack of complementary products to be offered by sales personnel, which may put us at a competitive disadvantage relative to companies with more extensive product lines; and
- unforeseen costs and expenses associated with creating an independent commercialization organization.

If we enter into arrangements with third parties to perform sales, marketing, commercial support and distribution services, our product revenue or the profitability of product revenue may be lower than if we were to market and sell any products we may develop ourselves. In addition, we may not be successful in entering into arrangements with third parties to commercialize our product candidates or may be unable to do so on terms that are favorable to us. We may 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 do not establish commercialization capabilities successfully, either on our own or in collaboration with third parties, we will not be successful in commercializing our product candidates if approved.

Even if any product candidates we develop receive marketing approval, they may fail to achieve the degree of market acceptance by physicians, patients, healthcare payors and others in the medical community necessary for commercial success.

The commercial success of any of our product candidates will depend upon its degree of market acceptance by physicians, patients, third-party payors and others in the medical community. Even if any product candidates we may develop receive marketing approval, they may nonetheless fail to gain sufficient market acceptance by physicians, patients, healthcare payors, and others in the medical community. The degree of market acceptance of any product candidates we may develop, if approved for commercial sale, will depend on a number of factors, including:

- the efficacy and safety of such product candidates as demonstrated in pivotal clinical trials and published in peer-reviewed journals;
- the potential and perceived advantages compared to alternative treatments;
- the ability to offer our products for sale at competitive prices;
- the ability to offer appropriate patient access programs, such as co-pay assistance;
- the extent to which physicians recommend our products to their patients;
- convenience and ease of dosing and administration compared to alternative treatments;
- the clinical indications for which the product candidate is approved by FDA, EMA, CDE or other regulatory agencies;

- product labeling or product insert requirements of the FDA, EMA, CDE or other comparable foreign regulatory authorities, including any limitations, contraindications or warnings contained in a product's approved labeling;
- restrictions on how the product is distributed;
- the timing of market introduction of competitive products;
- publicity concerning our products or competing products and treatments;
- the strength of marketing and distribution support;
- sufficient third-party coverage or reimbursement; and
- the prevalence and severity of any side effects.

If any product candidates we develop do not achieve an adequate level of acceptance, we may not generate significant product revenue, and we may not become profitable.

Even if we are able to commercialize any product candidates, such products may become subject to unfavorable pricing regulations, third-party reimbursement practices or healthcare reform initiatives, which would harm our business.

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

Our ability to successfully commercialize any products that we may develop also will depend in part on the extent to which reimbursement for these products and related treatments will be available from government health administration authorities, private health insurers, and other organizations. Government authorities and third-party payors, such as private health insurers and health maintenance organizations, decide which medications they will pay for and establish reimbursement levels. A primary trend in the U.S. healthcare industry and elsewhere is cost containment. Government authorities and third-party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. Government authorities currently impose mandatory discounts for certain patient groups, such as Medicare, Medicaid and Veterans Affairs, or VA, hospitals, and may seek to increase such discounts at any time. Future regulation may negatively impact the price of our products, if approved. Increasingly, third-party payors are requiring that drug companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. We cannot be sure that reimbursement will be available for any product candidate that we commercialize and, if reimbursement is available, that the level of reimbursement will be sufficient.

Reimbursement may impact the demand for, or the price of, any product candidate for which we obtain marketing approval. In order to get reimbursement, physicians may need to show that patients have superior treatment outcomes with our products compared to standard of care drugs, including lower-priced generic versions of standard of care drugs. If reimbursement is not available or is available only at limited levels, we may not be able to successfully commercialize any product candidate for which we obtain marketing approval. In the United States, no uniform policy of coverage and reimbursement for products exists among third-party payors and coverage and reimbursement levels 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 may 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.

There may be significant delays in obtaining reimbursement for newly approved drugs, and coverage may be more limited than the purposes for which the medicine is approved by the FDA, EMA, CDE or other comparable foreign regulatory authorities. Moreover, eligibility for reimbursement does not imply that any drug will be paid for in all cases or at a rate that covers our costs, including research, development, manufacture, sale, and distribution. Interim reimbursement levels for new drugs, if applicable, may also not be sufficient to cover our costs and may not be made permanent. Reimbursement rates may vary according to the use of the drug and the clinical setting in which it is used, may be based on reimbursement levels already set for lower cost drugs and may be incorporated into existing payments for other services. Net prices for drugs may be reduced by mandatory discounts or rebates required by government healthcare programs or private payors and by any future relaxation of laws that presently restrict imports of drugs from countries where they may be sold at lower prices than in the United States. Third-party payors often rely upon Medicare coverage policy and payment limitations in setting their own reimbursement policies. Our inability to promptly obtain coverage and profitable payment rates from both government-funded and private payors for any approved products we may develop could have a material adverse effect on our operating results, our ability to raise capital needed to commercialize product candidates, and our overall financial condition.

Our product candidates for which we intend to seek approval as biologic products may face competition from biological products that are biosimilar to or interchangeable with our product candidates sooner than anticipated.

The Biologics Price Competition and Innovation Act of 2009, or BPCIA, created an abbreviated approval pathway for biological products that are biosimilar to or interchangeable with an FDA-licensed reference biological product. Under the BPCIA, an application for a biosimilar product may not be submitted to the FDA until four years following the date that the reference product was first licensed by the FDA. In addition, the approval of a biosimilar product may not be made effective by the FDA until 12 years from the date on which the reference product was first licensed. During this 12-year period of exclusivity, another company may still market a competing version of the reference product if the FDA approves a full BLA for the competing product containing the sponsor's own preclinical data and data from adequate and well-controlled clinical trials to demonstrate the safety, purity and potency of their product. The law is complex and is still being interpreted and implemented by the FDA. As a result, its ultimate impact, implementation and meaning are subject to uncertainty.

We believe that any of our product candidates approved as a biological product under a BLA should qualify for the 12-year period of exclusivity. However, there is a risk that this exclusivity could be shortened due to congressional action or otherwise, or that the FDA will not consider our product candidates to be reference products for competing products, potentially creating the opportunity for generic competition sooner than anticipated. Other aspects of the BPCIA, some of which may impact the BPCIA exclusivity provisions, have also been the subject of recent litigation. Moreover, the extent to which a biosimilar, once approved, will be substituted for any one of our reference products in a way that is similar to traditional generic substitution for non-biological products is not yet clear, and will depend on a number of marketplace and regulatory factors that are still developing.

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

We face an inherent risk of product liability as a result of the clinical testing of our product candidates and will face an even greater risk when and if we commercialize any products. For example, we may be sued if our product candidates cause or are perceived to cause injury or are found to be otherwise unsuitable during clinical testing, manufacturing, marketing or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product, negligence, strict liability or a breach of warranties. Claims could also be asserted under state consumer protection acts. If we cannot successfully defend ourselves against product liability claims, we may incur substantial liabilities or be required to limit testing and commercialization of our product candidates. Even successful defense would require significant financial and management resources. Regardless of the merits or eventual outcome, liability claims may result in:

- decreased or interrupted demand for our products;
- injury to our reputation;
- withdrawal of clinical trial participants and inability to continue clinical trials;
- initiation of investigations by regulators;
- 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;
- loss of revenue;
- exhaustion of any available insurance and our capital resources;
- the inability to commercialize any product candidate; and
- a decline in our share price.

Our inability to obtain sufficient product liability insurance at an acceptable cost to protect against potential product liability claims could prevent or inhibit the commercialization of products we develop, alone or with collaborators. Our insurance policies may 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. Even if our agreements with any future corporate collaborators entitle us to indemnification against losses, such indemnification may not be available or adequate should any claim arise.

Risks Related to Regulatory Approval and Other Legal Compliance Matters

The regulatory approval processes of the FDA, EMA, CDE and comparable foreign regulatory authorities are lengthy, time consuming, and inherently unpredictable. If we are ultimately unable to obtain regulatory approval for our product candidates, we will be unable to generate product revenue and our business will be substantially harmed.

The time required to obtain approval by the FDA, EMA, CDE and comparable foreign regulatory authorities is unpredictable, typically takes many years following the commencement of clinical trials and depends upon numerous factors, including the type, complexity and novelty of the product candidates involved. In addition, approval policies, regulations or the type and amount of clinical data necessary to gain approval may change during the course of a product candidate's clinical development and may vary among jurisdictions, which may cause delays in the approval or the decision not to approve an application. Regulatory authorities have substantial discretion in the approval process and may refuse to accept any application or may decide that our data are insufficient for approval and require additional preclinical, clinical or other studies. We have not submitted for or obtained regulatory approval for any product candidate, and it is possible that none of our existing product candidates or any product candidates we may seek to develop in the future will ever obtain regulatory approval.

Applications for our product candidates could fail to receive regulatory approval for many reasons, including but not limited to the following:

- the FDA, EMA, CDE or comparable foreign regulatory authorities may disagree with the design, implementation or results of our clinical trials;
- the FDA, EMA, CDE or comparable foreign regulatory authorities may determine that our product candidates are not safe and effective, only moderately effective or have undesirable or unintended side effects, toxicities or other characteristics that preclude our obtaining marketing approval or prevent or limit commercial use of our products;
- the population studied in the clinical program may not be sufficiently broad or representative to assure efficacy and safety in the full population for which we seek approval;
- we may be unable to demonstrate to the FDA, EMA, CDE or comparable foreign regulatory authorities that a product candidate's risk-benefit ratio for its proposed indication, when compared to the standard of care, is acceptable;
- the FDA, EMA, CDE or comparable foreign regulatory authorities may disagree with our interpretation of data from preclinical studies or clinical trials;
- the data collected from clinical trials of our product candidates may not be sufficient to support the submission of an NDA, BLA or other submission or to obtain regulatory approval in the United States or elsewhere;
- the FDA, EMA, CDE or comparable foreign regulatory authorities may fail to approve the manufacturing processes, test procedures and specifications, or facilities of third-party manufacturers with which we contract for clinical and commercial supplies; and
- the approval policies or regulations of the FDA, EMA, CDE or comparable foreign regulatory authorities may significantly change in a manner rendering our clinical data insufficient for approval.

This lengthy approval process, as well as the unpredictability of the results of clinical trials, may result in our failing to obtain regulatory approval to market any of our product candidates, which would significantly harm our business, results of operations, and prospects.

We plan to conduct clinical trials for our product candidates outside the United States, and the FDA, EMA, CDE and applicable foreign regulatory authorities may not accept data from such trials.

We plan to conduct one or more of our clinical trials outside the United States, including Europe, China and other foreign countries. The acceptance of study data from clinical trials conducted outside the United States or another jurisdiction by the FDA, EMA, CDE or applicable foreign regulatory authority may be subject to certain conditions. In cases where data from foreign clinical trials are intended to serve as the basis for marketing approval in the United States, the FDA will generally not approve the application on the basis of foreign data alone unless (1) the data are applicable to the U.S. population and U.S. medical practice and (2) the trials were performed by clinical investigators of recognized competence and pursuant to cGCP regulations. Additionally, the FDA's clinical trial requirements, including sufficient size of patient populations and statistical powering, must be met. Many foreign regulatory bodies have similar approval requirements. In addition, such foreign trials would be subject to the applicable local laws of the foreign jurisdictions where the trials are conducted. There can be no assurance that the FDA, EMA, CDE or any applicable foreign regulatory authority will accept data from trials conducted outside of the United States or the applicable jurisdiction, including any trials that we may conduct in China. If the FDA, EMA, CDE or any applicable foreign regulatory authority does not accept such data, it would result in the need for additional trials, which would be costly and time-consuming, would delay aspects of our business plan and which may result in our product candidates not receiving approval or clearance for commercialization in the applicable jurisdiction.

Obtaining and maintaining regulatory approval of our product candidates in one jurisdiction does not mean that we will be successful in obtaining regulatory approval of our product candidates in other jurisdictions.

Obtaining and maintaining regulatory approval of our product candidates in one jurisdiction does not guarantee that we will be able to obtain or maintain regulatory approval in any other jurisdiction, but a failure or delay in obtaining regulatory approval in one jurisdiction may have a negative effect on the regulatory approval process in others. For example, even if the FDA, EMA or CDE grants marketing approval of a product candidate, we would not be permitted to manufacture, market or promote the product candidate in other countries unless and until comparable regulatory authorities in foreign jurisdictions had approved the candidate for use in their countries. Approval procedures vary among jurisdictions and can involve requirements and administrative review periods different from those in the United States, including additional preclinical studies or clinical trials. There can be no assurance that any clinical trials conducted in one jurisdiction will be accepted by regulatory authorities in other jurisdictions.

Obtaining foreign regulatory approvals and compliance with foreign regulatory requirements could result in significant delays, difficulties and costs for us and could delay or prevent the introduction of our products in certain countries. If we or any collaborator we work with fail to comply with the regulatory requirements in international markets or fail to receive applicable marketing approvals, our target market will be reduced and our ability to realize the full market potential of our product candidates will be harmed.

Even if we obtain regulatory approval for a product candidate, our products will remain subject to extensive regulatory scrutiny.

If any of our product candidates are approved, they will be subject to ongoing regulatory requirements for manufacturing, labeling, packaging, storage, advertising, promotion, sampling, record-keeping, conduct of post-marketing studies and submission of safety, efficacy and other post-market information, including both federal and state requirements in the United States and requirements of comparable foreign regulatory authorities.

Manufacturers and manufacturers' facilities are required to comply with extensive requirements imposed by the FDA, EMA, CDE and comparable foreign regulatory authorities, including ensuring that quality control and manufacturing procedures conform to cGMP regulations. As such, we and our contract manufacturers will be subject to continual review and inspections to assess compliance with cGMP and adherence to commitments made in any NDA, BLA or marketing authorization application, or MAA. Accordingly, we and others with whom we work must continue to expend time, money and effort in all areas of regulatory compliance, including manufacturing, production and quality control.

Any regulatory approvals that we receive for our product candidates will be subject to limitations on the approved indicated uses for which the product may be marketed and promoted or to the conditions of approval (including the requirement to implement a Risk Evaluation and Mitigation Strategy), or contain requirements for potentially costly post-marketing testing. We will be required to report certain adverse reactions and production problems, if any, to the FDA, EMA, CDE and comparable foreign regulatory authorities. Any new legislation addressing drug safety issues could result in delays in product development or commercialization, or increased costs to assure compliance. The FDA and other agencies, including the Department of Justice, closely regulate and monitor the post-approval marketing and promotion of products to ensure that they are manufactured, marketed and distributed only for the approved indications and in accordance with the provisions of the approved labeling. We will have to comply with requirements concerning advertising and promotion for our products. Promotional communications with respect to prescription drugs are subject to a variety of legal and regulatory restrictions and must be consistent with the information in the product's approved label. As such, we may not promote our products for indications or uses for which they do not have approval. The holder of an approved NDA, BLA or MAA must submit new or supplemental applications and obtain approval for certain changes to the approved product, product labeling or manufacturing process. We could also be asked to conduct post-marketing clinical trials to verify the safety and efficacy of our products in general or in specific patient subsets. If original marketing approval was obtained via the accelerated approval pathway, we could be required to conduct a successful post-marketing clinical trial to confirm clinical benefit for our products. An unsuccessful post-marketing study or failure to complete such a study could result in the withdrawal of marketing approval.

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

- issue warning letters that would result in adverse publicity;
- impose civil or criminal penalties;
- suspend or withdraw regulatory approvals;
- suspend any of our ongoing clinical trials;
- refuse to approve pending applications or supplements to approved applications submitted by us;

- impose restrictions on our operations, including closing our contract manufacturers' facilities;
- seize or detain products; or
- require a product recall.

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

Healthcare legislative measures aimed at reducing healthcare costs may have a material adverse effect on our business and results of operations.

Third-party payors, whether domestic or foreign, or governmental or commercial, are developing increasingly sophisticated methods of controlling healthcare costs. In both the United States and certain international jurisdictions, there have been a number of legislative and regulatory changes to the health care system that could impact our ability to sell our products profitably. In particular, in 2010, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, or collectively the ACA, was enacted, which, among other things, subjected biologic products to potential competition by lower-cost biosimilars, addressed a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Program are calculated for drugs that are inhaled, infused, instilled, implanted or injected, increased the minimum Medicaid rebates owed by most manufacturers under the Medicaid Drug Rebate Program, extended the Medicaid Drug Rebate Program to utilization of prescriptions of individuals enrolled in Medicaid managed care organizations, subjected manufacturers to new annual fees and taxes for certain branded prescription drugs, and provided incentives to programs that increase the federal government's comparative effectiveness research.

Since the ACA's enactment, there have been, and continue to be, numerous challenges to the ACA. Since January 2017, President Trump has signed several Executive Orders and other directives designed to delay the implementation of certain provisions of the ACA. Concurrently, Congress has considered legislation that would repeal or repeal and replace all or part of the ACA. While Congress has not passed comprehensive repeal legislation, it has enacted laws that modify certain provisions of the ACA such as removing penalties, starting January 1, 2019, for not complying with the ACA's individual mandate to carry health insurance and delaying the implementation of certain ACA-mandated fees. Further, the 2020 federal spending package permanently eliminated, effective January 1, 2020, the ACA-mandated "Cadillac" tax on high-cost employer-sponsored health coverage and medical device tax and, effective January 1, 2021, also eliminates the health insurer tax. In addition, on December 14, 2018, a Texas U.S. District Court Judge ruled that the ACA is unconstitutional in its entirety because the "individual mandate" was repealed by Congress as part of the Tax Cuts and Jobs Act of 2017. Additionally, on December 18, 2019, the U.S. Court of Appeals for the 5th Circuit ruled that the individual mandate was unconstitutional and remanded the case back to the District Court to determine whether the remaining provisions of the ACA are invalid as well. On March 2, 2020, the United States Supreme Court granted the petitions for writs of certiorari to review this case and has allotted one hour for oral arguments, which are expected to occur in the fall. It is unclear how such litigation 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 in the United States since the ACA was enacted. In August 2011, the Budget Control Act of 2011, among other things, created measures for spending reductions by Congress. A Joint Select Committee on Deficit Reduction, tasked with recommending a targeted deficit reduction of at least $1.2 trillion for the years 2013 through 2021, was unable to reach required goals, thereby triggering the legislation's automatic reduction to several government programs. This includes aggregate reductions of Medicare payments to providers of 2% per fiscal year, which went into effect in 2013, and due to subsequent legislative amendments to the statute, will remain in effect through 2030 unless additional Congressional action is taken. The Coronavirus Aid, Relief and Economic Security Act, or CARES Act, which was signed into law in March 2020 and is designed to provide financial support and resources to individuals and businesses affected by the COVID-19 pandemic, suspended the 2% Medicare sequester from May 1, 2020 through December 31, 2020, and extended the sequester by one year, through 2030. The American Taxpayer Relief Act of 2012 further reduced Medicare payments to several providers, including hospitals and cancer treatment centers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years.

There have been, and likely will continue to be, legislative and regulatory proposals at the foreign, federal and state levels directed at containing or lowering the cost of healthcare. We cannot predict the initiatives that may be adopted in the future. The continuing efforts of the government, insurance companies, managed care organizations and other payors of healthcare services to contain or reduce costs of healthcare and/or impose price controls may adversely affect:

- the demand for our product candidates, if we obtain regulatory approval;
- our ability to receive or set a price that we believe is fair for our products;
- our ability to generate revenue and achieve or maintain profitability;
- the level of taxes that we are required to pay; and
- the availability of capital.

Moreover, there has been heightened governmental scrutiny in the United States of pharmaceutical pricing practices in light of the rising cost of prescription drugs and biologics. 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. At the federal level, the Trump administration's budget proposal for fiscal 2021 includes a $135 billion allowance to support legislative proposals seeking to reduce drug prices, increase competition, lower out-of-pocket drug costs for patients, and increase patient access to lower-cost generic and biosimilar drugs. On March 10, 2020, the Trump administration sent "principles" for drug pricing to Congress, calling for legislation that would, among other things, cap Medicare Part D beneficiary out-of-pocket pharmacy expenses, provide an option to cap Medicare Part D beneficiary monthly out-of-pocket expenses, and place limits on pharmaceutical price increases. In addition, the Trump administration previously released a "Blueprint" to lower drug prices and reduce out of pocket costs of drugs that contained 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 Department of Health and Human Services, or HHS, has started implementing some of these measures under its existing authority. For example, in May 2019, CMS issued a final rule to allow Medicare Advantage plans the option to use step therapy for Part B drugs beginning January 1, 2020. This final rule codified CMS's policy change that was effective January 1, 2019. On July 24, 2020, the Trump administration announced four executive orders related to prescription drug pricing that attempt to implement several of the administration's proposals, including a policy that would tie Medicare Part B drug prices to international drug prices; one that directs HHS to finalize the Canadian drug importation proposed rule previously issued by HHS and makes other changes allowing for personal importation of drugs from Canada; one that directs HHS to finalize the rulemaking process on modifying the anti-kickback law safe harbors for discounts for plans, pharmacies, and pharmaceutical benefit managers; and one that reduces costs of insulin and epipens to patients of federally qualified health centers. While some of these and other measures may require additional authorization 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.

We expect that the ACA, as well as 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, lower reimbursement and new payment methodologies. This could lower the price that we receive for any approved product. Any denial in coverage or reduction in reimbursement from Medicare or other government-funded programs may result in a similar denial or reduction in payments from private payors, which may prevent us from being able to generate sufficient revenue, attain profitability or commercialize our product candidates, if approved. Further, it is possible that additional governmental action is taken to address the COVID-19 pandemic.

Our employees, independent contractors, consultants, commercial partners and vendors may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements or insider trading violations, which could significantly harm our business.

We are exposed to the risk of fraud, misconduct or other illegal activity by our employees, independent contractors, consultants, commercial partners and vendors. Misconduct by these parties could include intentional, reckless and negligent conduct that fails to: comply with the laws of the FDA, EMA, CDE and other comparable foreign regulatory authorities; provide true, complete and accurate information to the FDA, EMA, CDE and other comparable foreign regulatory authorities; comply with manufacturing standards we have established; comply with healthcare fraud and abuse laws in the United States and similar foreign fraudulent misconduct laws; or report financial information or data accurately or to disclose unauthorized activities to us. If we obtain FDA approval of any of our product candidates and begin commercializing those products in the United States, our potential exposure under such laws will increase significantly, and our costs associated with compliance with such laws are also likely to increase. In particular, research, sales, marketing, education and other business arrangements in the healthcare industry are subject to extensive laws designed to prevent fraud, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range

of pricing, discounting, educating, marketing and promotion, sales and commission, certain customer incentive programs and other business arrangements generally. Activities subject to these laws also involve the improper use of information obtained in the course of patient recruitment for clinical trials, which could result in regulatory sanctions and cause serious harm to our reputation. Employee misconduct could also involve the improper use of, including improper trading based upon, information obtained in the course of clinical studies, which could result in regulatory sanctions and serious harm to our reputation.

In connection with our IPO, we adopted a code of business conduct and ethics that applies to all our employees, including management, and our directors. However, it is not always possible to identify and deter misconduct by employees and 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. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of significant fines or other sanctions.

If we fail to comply with healthcare laws, we could face substantial penalties and our business, operations and financial conditions could be adversely affected.

Our current and future arrangements with healthcare providers, third-party payors, customers, and others may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations, which may constrain the business or financial arrangements and relationships through which we research, as well as, sell, market and distribute any products for which we obtain marketing approval. The laws that may impact our operations include:

- the federal Anti-Kickback Statute, which prohibits, among other things, persons from knowingly and willfully soliciting, receiving, offering or paying any remuneration (including any kickback, bribe or rebate), directly or indirectly, overtly or covertly, in cash or in kind, to induce, or in return for, either the referral of an individual, or the purchase, lease, order or recommendation 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 the Medicare and Medicaid programs. 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. 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 False Claims Act;
- federal civil and criminal false claims laws, including the False Claims Act, which can be enforced by private citizens on behalf of the government through civil whistleblower or qui tam actions, and civil monetary penalty laws, which impose criminal and civil penalties against individuals or entities from knowingly presenting, or causing to be presented, claims for payment or approval from Medicare, Medicaid or other third-party payors that are false or fraudulent or knowingly making a false statement to improperly avoid, decrease or conceal an obligation to pay money to the federal government. Similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of these statutes or specific intent to violate them in order to have committed a violation;
- the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, which created new federal criminal statutes that prohibit knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program or obtain, by means of false or fraudulent pretenses, representations, or promises, any of the money or property owned by, or under the custody or control of, any healthcare benefit program, regardless of the payor (e.g., public or private) and knowingly and willfully falsifying, concealing or covering up by any trick or device a material fact or making any materially false statements in connection with the delivery of, or payment for, healthcare benefits, items or services relating to healthcare matters;
- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, or HITECH, and their respective implementing regulations, which impose requirements on certain covered healthcare providers, health plans and healthcare clearinghouses as well as their respective business associates that perform services for them that involve the use, or disclosure of, individually identifiable health information, relating to the privacy, security and transmission of individually identifiable health information without appropriate authorization;
- the federal Physician Payments Sunshine Act, created under the ACA, and its implementing regulations, which require manufacturers of drugs, devices, biologicals and medical supplies for which payment is available under Medicare, Medicaid or the Children’s Health Insurance Program to report annually to the Centers for Medicare & Medicaid Services under the Open Payments Program, information related to payments or other transfers of value made to physicians, as defined by such law, and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members;
- federal consumer protection and unfair competition laws, which broadly regulate marketplace activities and activities that potentially harm consumers; and

- analogous state and foreign laws and regulations, such as state and foreign anti-kickback, false claims, consumer protection and unfair competition laws which may apply to pharmaceutical business practices, including but not limited to, research, distribution, sales and marketing arrangements as well as submitting claims involving healthcare items or services reimbursed by any third-party payor, including commercial insurers; 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 that otherwise restricts payments that may be made to healthcare providers and other potential referral sources; state laws that require drug manufacturers to file reports with states regarding pricing and marketing information, such as the tracking and reporting of gifts, compensations and other remuneration and items of value provided to healthcare professionals and entities; state and local laws that require the registration of pharmaceutical sales representatives; and state and foreign laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts.

Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available, it is possible that some of our business activities could, despite our efforts to comply, be subject to challenge under one or more of such laws. Efforts to ensure that our business arrangements will comply with applicable healthcare laws may involve substantial costs. It is possible that governmental and enforcement authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law interpreting applicable fraud and abuse or other healthcare laws and regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of significant civil, criminal and administrative penalties, damages, disgorgement, monetary fines, imprisonment, possible exclusion from participation in Medicare, Medicaid and other federal healthcare programs, contractual damages, reputational harm, diminished profits and future earnings and curtailment of our operations, any of which could adversely affect our ability to operate our business and our results of operations. In addition, the approval and commercialization of any of our product candidates outside the United States will also likely subject us to foreign equivalents of the healthcare laws mentioned above, among other foreign laws.

Our business is subject to complex and evolving U.S. and foreign laws and regulations relating to privacy and data protection. These laws and regulations are subject to change and uncertain interpretation, and could result in claims, changes to our business practices, or monetary penalties, and otherwise may harm our business.

A wide variety of provincial, state, national, and international laws and regulations apply to the collection, use, retention, protection, disclosure, transfer and other processing of personal data. These data protection and privacy-related laws and regulations are evolving and may result in ever-increasing regulatory and public scrutiny and escalating levels of enforcement and sanctions. For example, the European Union General Data Protection Regulation, or GDPR, which became fully effective on May 25, 2018, imposes stringent data protection requirements and provides for penalties for noncompliance of up to the greater of 20 million euros or four percent of worldwide annual revenues. Additionally, California recently enacted legislation, the California Consumer Privacy Act, or CCPA, that, effective January 1, 2020, among other things, requires covered companies to provide new disclosures to California consumers, and afford such consumers new abilities to opt-out of certain sales of personal information. The GDPR, CCPA and many other laws and regulations relating to privacy and data protection are still being tested in courts, and they are subject to new and differing interpretations by courts and regulatory officials. We are working to comply with the GDPR, CCPA and other privacy and data protection laws and regulations that apply to us, and we anticipate needing to devote significant additional resources to complying with these laws and regulations. It is possible that the GDPR, CCPA or other laws and regulations relating to privacy and data protection may be interpreted and applied in a manner that is inconsistent from jurisdiction to jurisdiction or inconsistent with our current policies and practices.

European data protection laws, including the GDPR, generally restrict the transfer of personal information from Europe, including the European Economic Area , United Kingdom and Switzerland, to the United States and most other countries unless the parties to the transfer have implemented specific safeguards to protect the transferred personal information. One of the primary safeguards allowing U.S. companies to import personal information from Europe has been certification to the EU-U.S. Privacy Shield and Swiss-U.S. Privacy Shield frameworks administered by the U.S. Department of Commerce. However, the Court of Justice of the European Union recently invalidated the EU-U.S. Privacy Shield. The same decision also raised questions about whether one of the primary alternatives to the EU-U.S. Privacy Shield, namely, the European Commission's Standard Contractual Clauses, can lawfully be used for personal information transfers from Europe to the United States or most other countries. At present, there are few, if any, viable alternatives to the EU-U.S. Privacy Shield and the Standard Contractual Clauses. Although we and third party service providers rely primarily on individuals' explicit consent to transfer certain information from Europe to the United States and other countries, in certain cases we and third parties have relied on the EU-U.S. Privacy Shield and the Standard Contractual Clauses. Authorities in the United Kingdom and Switzerland, whose data protection laws are similar to those of the European Union, may similarly invalidate use of the EU-U.S. Privacy Shield and Swiss-U.S. Privacy Shield, respectively, as mechanisms for lawful personal information transfers from those countries to the United States. As such, if we are unable to rely on explicit consent to transfer individuals' personal information from Europe, which can be revoked, or implement other valid compliance solutions, we may face increased exposure to fines under European data protection laws as well as injunctions against processing personal information from Europe. Inability to import personal information from the European Economic Area or Switzerland may also impact our operations in the European Economic Area and Switzerland and require us to increase our data processing capabilities in Europe. Additionally, other countries outside of Europe have enacted or are considering enacting similar cross-border data transfer restrictions and laws requiring local data residency, which could increase the cost and complexity of delivering our services and operating our business.

Our actual or perceived failure to adequately comply with applicable laws and regulations relating to privacy and data protection, or to protect personal data and other data we process or maintain, could result in regulatory fines, investigations and enforcement actions, penalties and other liabilities, claims for damages by affected individuals, and damage to our reputation, any of which could materially affect our business, financial condition, results of operations and growth prospects.

If we or any contract manufacturers and suppliers we engage fail to comply with environmental, health, and safety laws and regulations, we could become subject to fines or penalties or incur costs that could have a material adverse effect on the success of our business.

We and any contract manufacturers and suppliers we engage are subject to numerous federal, state and local environmental, health, and safety laws, regulations, and permitting requirements, including those governing laboratory procedures; the generation, handling, use, storage, treatment and disposal of hazardous and regulated materials and wastes; the emission and discharge of hazardous materials into the ground, air and water; and employee health and safety. Our operations involve the use of hazardous and flammable materials, including chemicals and biological and radioactive materials. Our operations also produce hazardous waste. We generally contract with third parties for the disposal of these materials and wastes. We cannot eliminate the risk of contamination or injury from these materials. In the event of contamination or injury resulting from our use of hazardous materials, we could be held liable for any resulting damages, and any liability could exceed our resources. Under certain environmental laws, we could be held responsible for costs relating to any contamination at our current or past facilities and at third-party facilities. We also could incur significant costs associated with civil or criminal fines and penalties.

Compliance with applicable environmental laws and regulations may be expensive, and current or future environmental laws and regulations may impair our research, product development and manufacturing efforts. In addition, we cannot entirely eliminate the risk of accidental injury or contamination from these materials or wastes. Although we maintain workers' compensation insurance to cover us for costs and expenses we may incur due to injuries to our employees resulting from the use of hazardous materials, this insurance may not provide adequate coverage against potential liabilities. 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. Accordingly, 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, which could have a material adverse effect on our business, financial condition, results of operations, and prospects.

Our business activities may be subject to the Foreign Corrupt Practices Act, or FCPA, and similar anti-bribery and anti-corruption laws.

Our business activities may be subject to the FCPA and similar anti-bribery or anti-corruption laws, regulations or rules of other countries in which we operate or may operate in the future, including the UK Bribery Act. The FCPA generally prohibits offering, promising, giving or authorizing others to give anything of value, either directly or indirectly, to a non-U.S. government official in order to influence official action, or otherwise obtain or retain business. The FCPA also requires public companies to make and keep books and records that accurately and fairly reflect the transactions of the corporation and to devise and maintain an adequate system of internal accounting controls. Our business is heavily regulated and therefore involves significant interaction with public officials, including officials of non-U.S. governments. Additionally, in many other countries, the health care providers who prescribe pharmaceuticals are employed by their government, and the purchasers of pharmaceuticals are government entities; therefore, our dealings with these prescribers and purchasers are subject to regulation under the FCPA. Recently the SEC and Department of Justice have increased their FCPA enforcement activities with respect to biotechnology and pharmaceutical companies. There can be no assurance that all of our employees, agents, contractors or collaborators, or those of our affiliates, will comply with all applicable laws and regulations, particularly given the high level of complexity of these laws. Violations of these laws and regulations could result in fines, criminal sanctions against us, our officers, or our employees, the closing down of our facilities, requirements to obtain export licenses, cessation of business activities in sanctioned countries, implementation of compliance programs and prohibitions on the conduct of our business. Any such violations could include prohibitions on our ability to offer our products in one or more countries and could materially damage our reputation, our brand, our ability to attract and retain employees, and our business, prospects, operating results, and financial condition.

Risks Related to Our Reliance on Third Parties

We expect to rely on third parties to conduct our clinical trials and some aspects of our research and preclinical testing, and those third parties may not perform satisfactorily, including failing to meet deadlines for the completion of such trials, research or testing.

We currently rely and expect to continue to rely on third parties, such as CROs, clinical data management organizations, medical institutions and clinical investigators, to conduct some aspects of our research, preclinical testing and clinical trials. Any of these third parties may terminate their engagements with us or be unable to fulfill their contractual obligations. If we need to enter into alternative arrangements, it would delay our product development activities.

Our reliance on these third parties for research and development activities reduces our control over these activities, but does not relieve us of our responsibilities. For example, we remain responsible for ensuring that each of our clinical trials is conducted in accordance with the general investigational plan and protocols for the trial. Moreover, the FDA requires us to comply with cGCPs for conducting, recording and reporting the results of clinical trials to assure that data and reported results are credible, reproducible and accurate and that the rights, integrity and confidentiality of trial participants are protected. We are also required to register ongoing clinical trials and to post the results of completed clinical trials on a government-sponsored database within certain timeframes. Failure to do so can result in fines, adverse publicity and civil and criminal sanctions.

If these third parties do not successfully carry out their contractual duties, meet expected deadlines or conduct our clinical trials in accordance with regulatory requirements or our stated protocols, we will not be able to obtain, or may be delayed in obtaining, marketing approvals for any product candidates we may develop and will not be able to, or may be delayed in our efforts to, successfully commercialize our medicines.

We also expect to rely on other third parties to store and distribute drug supplies for our clinical trials. Any performance failure on the part of our distributors could delay clinical development or marketing approval of any product candidates we may develop or commercialization of our medicines, producing additional losses and depriving us of potential product revenue.

We contract with third parties for the manufacture of materials for our product candidates and preclinical studies and clinical trials and for commercialization of any product candidates that we may develop. This reliance on third parties carries and may increase the risk that we will not have sufficient quantities of such materials, product candidates or any medicines that we may develop and commercialize, or that such supply will not be available to us at an acceptable cost, which could delay, prevent or impair our development or commercialization efforts.

We do not have any manufacturing facilities. We currently rely exclusively on a third-party manufacturer, Lonza AG, for the manufacture of our materials for preclinical studies and clinical trials and expect to continue to do so for preclinical studies, clinical trials and for commercial supply of any product candidates that we may develop.

We may be unable to establish any further 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:

- the possible breach of the manufacturing agreement by the third party or us;
- the possible termination or nonrenewal of the agreement by the third party at a time that is costly or inconvenient for us;
- the possible early termination of the agreement by us at a time that requires us to pay a cancellation fee;
- reliance on the third party for regulatory compliance, quality assurance, safety and pharmacovigilance and related reporting; and
- the inability to produce required volume in a timely manner and to quality standards.

Third-party manufacturers may not be able to comply with cGMP regulations or similar regulatory requirements outside the United States. Our failure, or the failure of our third-party manufacturers, to comply with applicable regulations could result in clinical holds on our trials, sanctions being imposed on us, including fines, injunctions, civil penalties, delays, suspension or withdrawal of approvals, license revocations, seizures or recalls of product candidates or medicines, operating restrictions, and criminal prosecutions, any of which could significantly and adversely affect supplies of our medicines and harm our business, financial condition, results of operations, and prospects.

Any medicines 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. We do not currently have arrangements in place for redundant supply for any of our product candidates. If any one of our current contract manufacturers cannot perform as agreed, we may be required to replace that manufacturer and may incur added costs and delays in identifying and qualifying any such replacement. Furthermore, securing and reserving production capacity with contract manufacturers may result in significant costs.

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

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.

Reliance on third parties to conduct clinical trials, assist in research and development and to manufacture our product candidates, will at times require us to share trade secrets with them. We seek to protect our proprietary technology by in part entering into confidentiality agreements and, if applicable, material transfer agreements, consulting agreements or other similar agreements with our advisors, employees, third-party contractors 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, including our trade secrets. 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 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, a competitor's independent discovery of our trade secrets or other unauthorized use or disclosure would impair our competitive position and may have a material adverse effect on our business.

We rely on third-party suppliers for key raw materials used in our manufacturing processes, and the loss of these third-party suppliers or their inability to supply us with adequate raw materials could harm our business.

We rely on third-party suppliers for the raw materials required for the production of our product candidates. Our reliance on these third-party suppliers and the challenges we may face in obtaining adequate supplies of raw materials involve several risks, including limited control over pricing, availability, quality and delivery schedules. As a small company, our negotiation leverage is limited and we are likely to get lower priority than our competitors who are larger than we are. We cannot be certain that our suppliers will continue to provide us with the quantities of these raw materials that we require or satisfy our anticipated specifications and quality requirements. Any supply interruption in limited or sole sourced raw materials could materially harm our ability to manufacture our product candidates until a new source of supply, if any, could be identified and qualified. We may be unable to find a sufficient alternative supply channel in a reasonable time or on commercially reasonable terms. Any performance failure on the part of our suppliers could delay the development and potential commercialization of our product candidates, including limiting supplies necessary for clinical trials and regulatory approvals, which would have a material adverse effect on our business.

We may depend on collaborations with third parties for the research, development and commercialization of certain of the product candidates we may develop. If any such collaborations are not successful, we may not be able to realize the market potential of those product candidates.

We may seek third-party collaborators for the research, development and commercialization of certain of the product candidates we may develop. Our likely collaborators for any other collaboration arrangements include large and mid-size pharmaceutical companies, regional and national pharmaceutical companies, biotechnology companies and academic institutions. If we enter into any such arrangements with any third parties, we will likely have shared or limited control over the amount and timing of resources that our collaborators dedicate to the development or potential commercialization of any product candidates we may seek to develop with them. Our ability to generate revenue from these arrangements with commercial entities will depend on our collaborators' abilities to successfully perform the functions assigned to them in these arrangements. We cannot predict the success of any collaboration that we enter into.

Collaborations involving our product candidates we may develop, pose the following risks to us:

- collaborators generally have significant discretion in determining the efforts and resources that they will apply to these collaborations;
- collaborators may not properly obtain, maintain, enforce or defend intellectual property or proprietary rights relating to our product candidates or may use our proprietary information in such a way as to expose us to potential litigation or other intellectual property related proceedings, including proceedings challenging the scope, ownership, validity and enforceability of our intellectual property;
- collaborators may own or co-own intellectual property covering our product candidates that result from our collaboration with them, and in such cases, we may not have the exclusive right to commercialize such intellectual property or such product candidates;
- disputes may arise with respect to the ownership of intellectual property developed pursuant to collaborations;
- we may need the cooperation of our collaborators to enforce or defend any intellectual property we contribute to or that arises out of our collaborations, which may not be provided to us;
- collaborators may infringe the intellectual property rights of third parties, which may expose us to litigation and potential liability;
- disputes may arise between the collaborators and us that result in the delay or termination of the research, development, or commercialization of our product candidates or that result in costly litigation or arbitration that diverts management attention and resources;
- collaborators may decide not to pursue development and commercialization of any product candidates we develop or may elect not to continue or renew development or commercialization programs based on clinical trial results, changes in the collaborator's strategic focus or available funding or external factors such as an acquisition that diverts resources or creates competing priorities;
- collaborators may delay clinical trials, provide insufficient funding for a clinical trial, stop a clinical trial or abandon a product candidate, repeat or conduct new clinical trials, or require a new formulation of a product candidate for clinical testing;
- collaborators could independently develop, or develop with third parties, products that compete directly or indirectly with our product candidates if the collaborators believe that competitive products are more likely to be successfully developed or can be commercialized under terms that are more economically attractive than ours;
- collaborators with marketing and distribution rights to one or more product candidates may not commit sufficient resources to the marketing and distribution of such product candidates;
- we may lose certain valuable rights under circumstances identified in our collaborations, including if we undergo a change of control;
- collaborators may undergo a change of control and the new owners may decide to take the collaboration in a direction which is not in our best interest;
- collaborators may become party to a business combination transaction and the continued pursuit and emphasis on our development or commercialization program by the resulting entity under our existing collaboration could be delayed, diminished or terminated;
- collaborators may become bankrupt, which may significantly delay our research or development programs, or may cause us to lose access to valuable technology, know-how or intellectual property of the collaborator relating to our products, product candidates;

- key personnel at our collaborators may leave, which could negatively impact our ability to productively work with our collaborators;
- collaborations may require us to incur short and long-term expenditures, issue securities that dilute our stockholders, or disrupt our management and business;
- collaborations may be terminated and, if terminated, may result in a need for additional capital to pursue further development or commercialization of the applicable product candidates or our ABC Platform; and
- collaboration agreements may not lead to development or commercialization of product candidates in the most efficient manner or at all.

We may face significant competition in seeking appropriate collaborations. Recent business combinations among biotechnology and pharmaceutical companies have resulted in a reduced number of potential collaborators. In addition, the negotiation process is time-consuming and complex, and we may not be able to negotiate collaborations on a timely basis, on acceptable terms, or at all. If we are unable to do so, we may have to curtail the development of the product candidate for which we are seeking to collaborate or delay its potential commercialization or reduce the scope of any sales or marketing activities, or increase our expenditures and undertake development or commercialization activities at our own expense. If we elect to increase our expenditures to fund development or commercialization activities on our own, we may need to obtain additional capital, which may not be available to us on acceptable terms or at all. If we do not have sufficient funds, we may not be able to further develop product candidates or bring them to market and generate product revenue.

If we enter into collaborations to develop and potentially commercialize any product candidates, we may not be able to realize the benefit of such transactions if we or our collaborator elect not to exercise the rights granted under the agreement or if we or our collaborator are unable to successfully integrate a product candidate into existing operations and company culture. In addition, if our agreement with any of our collaborators terminates, our access to technology and intellectual property licensed to us by that collaborator may be restricted or terminate entirely, which may delay our continued development of our product candidates utilizing the collaborator's technology or intellectual property or require us to stop development of those product candidates completely. We may also find it more difficult to find a suitable replacement collaborator or attract new collaborators, and our development programs may be delayed or the perception of us in the business and financial communities could be adversely affected. Any collaborator may also be subject to many of the risks relating to product development, regulatory approval, and commercialization described in this "Risk Factors" section, and any negative impact on our collaborators may adversely affect us.

Risks Related to Our Intellectual Property

If we are unable to obtain and maintain patent protection for any product candidates we develop or for our ABC Platform, our competitors could develop and commercialize products or technology similar or identical to ours, and our ability to successfully commercialize any product candidates we may develop, and our technology may be adversely affected.

Our success depends in large part on our ability to obtain and maintain patent protection in the United States and other countries with respect to our ABC Platform and any proprietary product candidates and other technologies we may develop. We seek to protect our proprietary position by in-licensing intellectual property and filing patent applications in the United States and abroad relating to our ABC Platform, product candidates and other technologies that are important to our business. Given that the development of our technology and product candidates is at an early stage, our intellectual property portfolio directed to certain aspects of our technology and product candidates is also at an early stage. We have filed or intend to file patent applications on core aspects of our technology and product candidates; however, there can be no assurance that any such patent applications will issue as granted patents. Furthermore, in some cases, we only have filed provisional patent applications on certain aspects of our technology and product candidates, and none of these provisional patent applications is eligible to become an issued patent until, among other things, we file a non-provisional patent application within 12 months of the filing date of the applicable provisional patent application. Any failure to file a non-provisional patent application within this timeline could cause us to lose the ability to obtain patent protection for the inventions disclosed in the associated provisional patent applications. Furthermore, in some cases, we may not be able to obtain issued claims covering compositions relating to our ABC Platform and product candidates, as well as other technologies that are important to our business, and instead may need to rely on filing patent applications with claims covering a method of use and/or method of manufacture for protection of such ABC Platform, product candidates and other technologies. There can be no assurance that any such patent applications will issue as granted patents, and even if they do issue, such patent claims may be insufficient to prevent third parties, such as our competitors, from utilizing our technology. Any failure to obtain or maintain patent protection with respect to our ABC Platform and product candidates could have a material adverse effect on our business, financial condition, results of operations, and prospects.

If any of our patent applications does not issue as a patent in any jurisdiction, we may not be able to compete effectively.

Changes in either the patent laws or their interpretation in the United States and other countries may diminish our ability to protect our inventions, and obtain, maintain and enforce our intellectual property rights and, more generally, could affect the value of our intellectual property or narrow the scope of our owned and licensed patents. We cannot predict whether the patent applications we are currently pursuing will issue as patents in any particular jurisdiction or whether the claims of any issued patents will provide sufficient protection from competitors or other third parties.

The patent prosecution process is expensive, time-consuming and complex, and we may not be able to file, prosecute, maintain, enforce or license all necessary or desirable patent applications at a reasonable cost or in a timely manner. It is also possible that we will fail to identify patentable aspects of our research and development output in time to obtain patent protection. Although we enter into non-disclosure and confidentiality agreements with parties who have access to confidential or patentable aspects of our research and development output, such as our employees, corporate collaborators, outside scientific collaborators, CROs, contract manufacturers, consultants, advisors and other third parties, any of these parties may breach the agreements and disclose such output before a patent application is filed, thereby jeopardizing our ability to seek patent protection. In addition, our ability to obtain and maintain valid and enforceable patents depends on whether the differences between our inventions and the prior art allow our inventions to be patentable over the prior art. In addition, our own fixed applications may become prior art against our current or future patent applications. Furthermore, publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the United States and other jurisdictions are typically not published until 18 months after filing, and in some cases not at all. Therefore, we cannot be certain that we were the first to make the inventions claimed in any of our patents or pending patent applications, or that we were the first to file for patent protection of such inventions.

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 technology and product candidates would be adversely affected.

The patent position of biotechnology and pharmaceutical 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 that protect our ABC Platform, product candidates or other technologies or that effectively prevent others from commercializing competitive technologies and 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 license or 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 may be challenged, narrowed, circumvented, rendered unenforceable or invalidated by third parties. Consequently, we do not know whether our ABC Platform, product candidates or other technologies 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 be challenged in the courts or patent offices in the United States and abroad. We may be subject to a third party preissuance submission of prior art to the U.S. Patent and Trademark Office, or USPTO, or become involved in opposition, derivation, revocation, reexamination, post-grant and inter partes review, or interference proceedings or other similar proceedings challenging our patent rights. 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 ABC Platform, product candidates or other technologies and compete directly with us, without payment to us, or result in our inability to manufacture or commercialize products without infringing third-party patent rights. Moreover, we may have to participate in interference proceedings declared by the USPTO to determine priority of invention or in post-grant challenge proceedings, such as oppositions and other challenges in a foreign patent office or administrative tribunal, that challenge our or our licensor's priority of invention or other features of patentability with respect to our owned or in-licensed patents and patent applications. Such challenges may result in loss of patent rights, loss of exclusivity, or in patent claims being narrowed, invalidated, or held unenforceable, which 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 ABC Platform, product candidates and other technologies. 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, given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such product candidates might expire before or shortly after such product candidates are commercialized. As a result, our intellectual property may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours.

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

Filing, prosecuting and defending patents relating to our ABC Platform, product candidates and other technologies in all countries throughout the world would be prohibitively expensive, and the laws of foreign countries may not protect our rights to the same extent as U.S. laws. 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 products, 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 certain countries, particularly certain developing countries, do not favor the enforcement of patents, trade secrets and other intellectual property protection, particularly those relating to biotechnology products, which could make it difficult, costly or impossible for us to stop the infringement of our patents or marketing of competing products in violation of our intellectual property and proprietary rights generally. Proceedings to enforce our intellectual property and proprietary 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, could put 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 and proprietary 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, document submission, fee payment and other requirements imposed by government 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 government fees on patents and applications will be due to be paid to the USPTO and various government patent agencies outside of the United States over the lifetime of our owned or licensed patents and applications. The USPTO and various non-U.S. government agencies require compliance with several procedural, documentary, fee payment and other similar provisions during the patent application process. In some cases, an inadvertent lapse can be cured by payment of a late fee or by other means in accordance with the applicable rules. Payment within these late fee windows may be employed in order to simplify the payment of these fees generally. There are situations, however, in which non-compliance can result in abandonment or lapse of the patent or patent application, resulting in a partial or complete loss of patent rights in the relevant jurisdiction. In such an event, potential competitors might be able to enter the market with similar or identical products or technology, which could have a material adverse effect on our business, financial condition, results of operations and prospects. In addition, while not relevant for KSI-301, if we rely on a different product, its development could involve the use of government funds, which can require additional compliance aspects to make certain all rights are transferred to or remain with us.

Issued patents may be challenged or invalidated, and recent changes in U.S. patent law have diminished and may further diminish the value of patents in general. We rely on patents to protect our products, and any diminishment in the scope or value of our patents would adversely affect our business.

If we initiated legal proceedings against a third party to enforce a patent directed to our ABC Platform, product candidates or other technologies, the defendant could allege that such patent is invalid or unenforceable. In patent litigation in the United States, defendant counterclaims alleging invalidity and unenforceability are commonplace. Grounds for a validity challenge include alleged failures to meet any of several statutory requirements, including obviousness, lack of novelty, lack of written description, or non-enablement. Grounds for an unenforceability challenge include an allegation that someone connected with prosecution of the patent withheld material information from the USPTO with an intent to deceive the USPTO, or made a misleading statement, during prosecution. The filing of a legal proceeding could also result in the third party challenging the patent at the USPTO, such as in post-grant and inter partes review.

Changes in either the patent laws or interpretation of the patent laws in the United States could increase the uncertainties and costs surrounding the prosecution of patent applications and the enforcement or defense of issued patents. For patent filings beginning in March 2013, the United States employs a first inventor to file system in which, assuming that other requirements for patentability are met, the first inventor to file a patent application will be entitled to the patent on an invention regardless of whether a third party was the first to invent the claimed invention. Under the current patent laws, a third party that files a patent application in the USPTO 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. 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 ABC Platform, product candidates or other technologies or (2) invent any of the inventions claimed in our or our licensor's patents or patent applications.

Changes to U.S. patent laws since 2011 also include allowing third party submissions of prior art to the USPTO during patent prosecution and additional procedures for attacking the validity of a patent through USPTO administered post-grant proceedings, including re-examination, post-grant review, inter partes review, interference proceedings and derivation proceedings. Some of these changes apply to patents issued prior to 2011. These and equivalent proceedings in foreign jurisdictions (e.g., opposition proceedings) could result in the revocation of, cancellation of or amendment to our patents in such a way that they no longer cover our ABC Platform, product candidates or other technologies. Because of a lower evidentiary standard in USPTO proceedings compared to the evidentiary standards applied in United States federal courts that apply to actions seeking 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 challenged in a district court action. Accordingly, a third party may attempt to use the USPTO procedures to invalidate our patent claims that would not otherwise have been invalidated if first challenged by the third party as a defendant in a district court action.

As compared to intellectual property-reliant companies generally, the patent positions of companies in the development and commercialization of biologics and pharmaceuticals are particularly uncertain. Recent U.S. Supreme Court rulings have narrowed the scope of patent protection available in certain circumstances and weakened the rights of patent owners in certain situations. These rulings have created uncertainty with respect to the validity and enforceability of patents, even once obtained. Depending on future actions by the U.S. Congress, the federal courts and the USPTO, the laws and regulations governing patents could change in unpredictable ways that could have a material adverse effect on our existing patent portfolio and our ability to protect and enforce our intellectual property in the future.

In addition, the patent positions of companies in the development and commercialization of biologics and pharmaceuticals are particularly uncertain. Recent U.S. Supreme Court rulings have narrowed the scope of patent protection available in certain circumstances and weakened the rights of patent owners in certain situations. This combination of events has created uncertainty with respect to the validity and enforceability of patents, once obtained. Depending on future actions by the U.S. Congress, the federal courts, and the USPTO, the laws and regulations governing patents could change in unpredictable ways that could have a material adverse effect on our existing patent portfolio and our ability to protect and enforce our intellectual property in the future.

Any future changes to patent laws could increase the uncertainties and costs surrounding the prosecution of our owned or in-licensed patent applications and the enforcement or defense of our owned or in-licensed issued patents. If a third party were to prevail on a legal assertion of invalidity or unenforceability, we would lose at least part, and perhaps all, of the patent protection on our ABC Platform, product candidates or other technologies. Increased uncertainty with respect to, or loss of, patent protection would have a material adverse impact on our business, financial condition, results of operations and prospects.

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

Depending upon the timing, duration and specifics of any FDA marketing approval of any product candidates we may develop, one or more of our owned or in-licensed U.S. patents may be eligible for limited patent term extension under the Hatch-Waxman Act. The Hatch-Waxman Act permits a patent term extension of up to five years as compensation for 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, only one patent may be extended and only those claims covering the approved drug, a method for using it, or a method for manufacturing it may be extended. Similar extensions as compensation for patent term lost during regulatory review processes are also available in certain foreign countries and territories, such as in Europe under a Supplementary Patent Certificate. Patent term extension in the United States and/or foreign countries and territories may not be available if, among other things, we fail to exercise due diligence during the testing phase or regulatory review process, fail to apply within applicable deadlines, fail to apply prior to the expiration of relevant patents, or otherwise fail to satisfy applicable requirements. Moreover, the applicable time period or the scope of patent protection afforded could be less than we request. If we are unable to obtain patent term extension or the term of any such extension received is shorter than what we request, our competitors may obtain approval of competing products following our patent expiration, and our business, financial condition, results of operations and prospects could be materially harmed.

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

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

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

In addition to seeking patents for our ABC Platform, product candidates and other technologies, we also rely on trade secrets and confidentiality agreements to protect our unpatented know-how, technology and other proprietary information and to maintain our competitive position. Trade secrets and know-how can be difficult to protect. Over time, we expect our trade secrets and know-how to be disseminated within the industry through independent development, the publication of journal articles describing the methodology and the movement of personnel from academic to industry scientific positions.

We seek to protect these trade secrets and other proprietary technology, in part, by entering into non-disclosure and confidentiality agreements with parties who have access to them, such as our employees, corporate collaborators, outside scientific collaborators, CROs, contract manufacturers, consultants, advisors and other third parties. We also enter into confidentiality and invention or patent assignment agreements with our employees and consultants, train our employees not to bring or use proprietary information or technology from former employers to us or in their work and remind former employees when they leave their employment of their confidentiality obligations to us. We cannot guarantee that we have entered into such agreements with each party that may have or have had access to our trade secrets or proprietary technology and processes. Despite our efforts, any of these parties may breach the agreements and disclose our proprietary information, including our trade secrets, and we may not be able to contain such breaches or disclosures or 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. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would have no right to prevent them from using that technology or information to compete with us. If any of our trade secrets were to be disclosed without the protection of a confidentiality agreement found unenforceable by relevant courts or independently developed by a competitor or other third party, our competitive position would be materially and adversely harmed.

We may be subject to claims that our employees, consultants, or advisors have wrongfully used or disclosed alleged trade secrets of their current or former employers or claims asserting ownership of what we regard as our own intellectual property.

Many of our employees, consultants and advisors are currently or were previously employed at universities or other biotechnology or pharmaceutical companies, including our competitors and potential competitors. Although we try to ensure that our employees, consultants and advisors do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these individuals have improperly used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual's current or former employer. 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. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management.

In addition, while it is our policy to require our employees and contractors who may be involved in the conception or development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who, in fact, conceives or develops intellectual property that we regard as our own. The assignment of intellectual property rights may not be self-executing, or the assignment agreements may be breached, and we may be forced to bring claims against third parties, or defend claims that they may bring against us, to determine the ownership of what we regard as our intellectual property. Such claims could have a material adverse effect on our business, financial condition, results of operations, and prospects. Where post-filing date patent assignments are not executed by an inventor, it is our practice to employ and record the assignment provision that can be found in the employee's employment agreement. This is done when possible, and when the intellectual property is of interest to us.

Third-party claims of intellectual property infringement, misappropriation or other violation against us or our collaborators may prevent or delay the development and commercialization of our ABC Platform, product candidates and other technologies.

The field of discovering treatments for retinal diseases is highly competitive and dynamic. Due to the focused research and development that is taking place in this field by several companies, including us and our competitors, the intellectual property landscape is in flux, and it may remain uncertain in the future. As such, there may be significant intellectual property related litigation and proceedings relating to our owned, and other third party, intellectual property and proprietary rights in the future.

Our commercial success depends in part on our and our collaborators' ability to avoid infringing, misappropriating and otherwise violating the patents and other intellectual property rights of third parties. There is a substantial amount of complex litigation involving patents and other intellectual property rights in the biotechnology and pharmaceutical industries, as well as administrative proceedings challenging patents, including interference, derivation and reexamination proceedings before the USPTO or oppositions and other comparable proceedings in foreign jurisdictions. As discussed above, due to changes in U.S. law referred to as patent reform, new procedures including *inter partes* review and post-grant review have been implemented. As stated above, this reform adds uncertainty to the possibility of challenge to our patents in the future.

Numerous U.S. and foreign issued patents and pending patent applications owned by third parties exist relating to ABC technology and in the fields in which we are developing our product candidates. As the biotechnology and pharmaceutical industries expand and more patents are issued, the risk increases that our ABC Platform, product candidates and other technologies may give rise to claims of infringement of the patent rights of others. We cannot assure you that our ABC Platform, product candidates and other technologies that we have developed, are developing or may develop in the future will not infringe existing or future patents owned by third parties. We may not be aware of patents that have already been issued or that a third party, including a competitor in the fields in which we are developing our ABC Platform, product candidates and other technologies, might assert are infringed by our current or future ABC Platform, product candidates or other technologies. Such a dispute may concern claims to compositions, formulations, methods of manufacture or methods of use or treatment that cover our ABC Platform, product candidates or other technologies. It is also possible that patents owned by third parties of which we are aware, but which we do not believe are relevant to our ABC Platform, product candidates or other technologies, could be found to be infringed by our ABC Platform, product candidates or other technologies. In addition, because patent applications can take many years to issue, there may be currently pending patent applications that later result in issued patents that our ABC Platform, product candidates or other technologies may infringe.

Third parties may have patents or obtain patents in the future and claim that the manufacture, use or sale of our ABC Platform, product candidates or other technologies infringes these patents. If a third party alleges that we infringe their patents or that we are otherwise employing their proprietary technology without authorization and initiates litigation against us, a court of competent jurisdiction could hold that such patents are valid, enforceable and infringed by our ABC Platform, product candidates or other technologies, even if we believe such claims are without merit. In that event, the successful plaintiff may be able to block our ability to commercialize the applicable product candidate or technology unless we obtain a license under the applicable patents, or such patents expire or are finally determined to be invalid or unenforceable. Such a license may not be available on commercially reasonable terms or at all. Even if we are able to obtain a license, the license would likely obligate us to pay license fees, royalties or both. Any license granted to us might be nonexclusive, which could result in our competitors gaining access to the same intellectual property. If we are unable to obtain a necessary license to a third-party patent on commercially reasonable terms, we may be unable to commercialize our ABC Platform, product candidates or other technologies, or our commercialization efforts may be significantly delayed, which could in turn significantly harm our business.

We are aware of a number of patents and applications that are directed to one or more aspects of KSI-301. Our intent is to maintain our development efforts under 35 U.S.C. Section 271(e)(1) (which provides a safe harbor from patent infringement claims related to certain drug development activities) through to at least the launch of any KSI-301 product. As such, we do not intend to launch KSI-301 when any valid patent is still in force. We are aware of at least one pending application with claims that are directed to some aspect of KSI-301, and that could, if issued, result in a patent term beyond our intended launch date of KSI-301. If this were to occur, we may challenge the validity of the claims, obtain a license, modify KSI-301, or delay launch.

If we choose to further the pipeline and develop a different product, such a product would be delayed until the expiration of any valid patent that is still in force on such product. Alternatively, our options for addressing any such patents relating to these non-KSI-301 products would include the following: challenge the validity of the claims, obtain a license, or modify the non-KSI-301 product.

Defending against infringement claims, regardless of their merit, would involve substantial litigation expense, would be a substantial diversion of management and other employee resources from our business and may adversely impact our reputation. We may be subject to an injunction that prevents or delays us from commercializing our ABC Platform technology, product candidates or other technologies during ongoing litigation even if we ultimately prevail in the litigation proceedings or the litigation is settled in our favor. We may be subject to an injunction that prevents or delays us from commercializing our ABC Platform, product candidates or other technologies during ongoing litigation even if we ultimately prevail in the litigation proceedings or the litigation is settled in our favor. In the event of a successful claim of infringement against us, we may be enjoined from further developing or commercializing our infringing ABC Platform, product candidates or other technologies. In addition, we may have to pay substantial damages (including treble damages and attorneys' fees for willful infringement) obtain one or more licenses from third parties, pay royalties and/or redesign our infringing product candidates or technologies, which may be impossible or require substantial time and monetary expenditure. If we were unable to further develop and commercialize our ABC Platform, product candidates or other technologies, it would harm our business significantly.

Engaging in litigation to defend against third parties alleging that we have infringed, misappropriated or otherwise violated their patents or other intellectual property rights is very expensive, particularly for a company of our size, and time-consuming. Some of our competitors may be able to sustain the costs of litigation or administrative proceedings more effectively than we can because of greater financial resources. Patent litigation and other proceedings may also absorb significant management time. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings against us could impair our ability to compete in the marketplace. The occurrence of any of the foregoing could have a material adverse effect on our business, financial condition or results of operations.

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

Competitors may infringe our patents or the patents of our licensing partners, or we may be required to defend against claims of infringement. If we assert our intellectual property against others, it could increase the likelihood that our patents or the patents of our licensing partners become involved in inventorship, priority or validity disputes. As discussed above, countering or defending against such claims can be expensive and time consuming. In an infringement proceeding, a court may decide that a patent owned or in-licensed by us is invalid or unenforceable, the other party's use of our patented technology falls under the safe harbor to patent infringement under 35 U.S.C. §271(e)(1), or may refuse to stop the other party from using the technology at issue on the grounds that our owned and in-licensed patents do not cover the technology in question. An adverse result in any litigation proceeding could put one or more of our owned or in-licensed patents at risk of being invalidated, rendered unenforceable or interpreted narrowly. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation.

Even if we prevail in asserting our intellectual property, litigation or other legal proceedings relating to intellectual property claims may cause us to incur significant expenses and could distract our personnel from their normal responsibilities. In addition, there could be public announcements of the results of hearings, motions, or other interim proceedings or developments, and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our common stock. 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 or to assert all claims we believe to be viable. 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 and more mature and developed intellectual property portfolios. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on our ability to compete in the marketplace.

If our trademarks and trade names are not adequately protected, then we may not be able to build name recognition in our markets of interest and our business may be adversely affected.

We rely on trademarks, service marks, tradenames and brand names. We cannot assure you that our trademark applications will be approved. During trademark registration proceedings, we may receive rejections. Although we are given an opportunity to respond to those rejections, we may be unable to overcome such rejections. In addition, any registered or unregistered trademarks or trade names that we currently have or may in the future acquire may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks and trade names, which we need to build name recognition among potential partners or customers in our markets of interest. At times, competitors or other third parties may adopt trade names or trademarks similar to ours, thereby impeding our ability to build brand identity and possibly leading to market confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names. We own a registered trademark for the mark "KODIAK" in the United States. The application for registration of the mark "KODIAK SCIENCES" in the United States has been allowed. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively and our business may be adversely affected. We engage a third party watching service to monitor use by third parties of names that are identical or similar to our name. We have identified at least two companies that are using names that we continue to monitor. We have sent a cease and desist letter to one of the companies. If we deem it appropriate, we may decide to take further action with respect to those companies. Our efforts to enforce or protect our proprietary rights related to trademarks, trade secrets, domain names, copyrights or other intellectual property may be ineffective and

could result in substantial costs and diversion of resources and could adversely affect our business, financial condition, results of operations and prospects.

Intellectual property rights do not necessarily address all potential threats.

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 make products that are similar to our product candidates or utilize similar technology but that are not covered by the claims of the patents that we may license or own;
- we, or our current or future licensors or collaborators, might not have been the first to make the inventions covered by the issued patent or pending patent application that we license or own now or in the future;
- we, or our current or future licensors or collaborators, might not have been the first to file patent applications covering certain of our or their inventions;
- others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing our owned or licensed intellectual property rights;
- it is possible that our current or future pending owned or licensed patent applications will not lead to issued patents;
- issued patents that we hold rights to may be held invalid or unenforceable, including as a result of legal challenges by our competitors or other third parties;
- our competitors or other third parties 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;
- the patents of others may harm our business; and
- we may choose not to file a patent in order to maintain certain trade secrets or know-how, and a third party may subsequently file a patent covering such intellectual property.

Should any of these events occur, they could have a material adverse effect on our business, financial condition, results of operations and prospects.

Risks Related to Our Operations

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

Our ability to compete in the highly competitive biotechnology and pharmaceutical industries depends upon our ability to attract, motivate and retain highly qualified managerial, scientific and medical personnel. We are highly dependent on our management, particularly our Chief Executive Officer, Dr. Victor Perlroth, and our scientific and medical personnel. The loss of the services provided by any of our executive officers, other key employees, and other scientific and medical advisors, and our inability to find suitable replacements, could result in delays in the development of our product candidates and harm our business.

We conduct our operations at our facility in Palo Alto, California, in a region that is headquarters to many other biopharmaceutical companies and many academic and research institutions. Competition for skilled personnel is intense and the turnover rate can be high, which may limit our ability to hire and retain highly qualified personnel on acceptable terms or at all. We expect that we may need to recruit talent from outside of our region and doing so may be costly and difficult.

To induce valuable employees to remain at our company, in addition to salary and cash incentives, we have provided restricted stock and stock option grants, including early exercise stock options exercisable for restricted stock that vest over time. The value to employees of these equity grants that vest over time may be significantly affected by movements in our stock price that are beyond our control and may at any time be insufficient to counteract more lucrative offers from other companies. Although we have employment agreements with our key employees, these employment agreements provide for at-will employment, which means that any of our employees could leave our employment at any time, with or without notice. We do not maintain “key man” insurance policies on the lives of all of these individuals or the lives of any of our other employees. If we are unable to attract, incentivize and retain quality personnel on acceptable terms, or at all, it may cause our business and operating results to suffer.

We will need to grow the size and capabilities of our organization, and we may experience difficulties in managing this growth.

As of June 30, 2020, we had 48 employees, all of whom were full-time. As our development plans and strategies develop, and as we continue operating as a public company, we must add a significant number of additional managerial, operational, financial and other personnel. Future growth will impose significant added responsibilities on members of management, including:

- identifying, recruiting, integrating, retaining and motivating additional employees;
- managing our internal development efforts effectively, including the clinical and FDA review process for our current and future product candidates, while complying with our contractual obligations to contractors and other third parties;
- expanding our operational, financial and management controls, reporting systems and procedures; and
- managing increasing operational and managerial complexity.

Our future financial performance and our ability to continue to develop and, if approved, commercialize our product candidates will depend, in part, on our ability to effectively manage any future growth. Our management may also have to divert a disproportionate amount of its attention away from day-to-day activities in order to manage these growth activities.

We currently rely, and for the foreseeable future will continue to rely, in substantial part on certain independent organizations, advisors and consultants to provide certain services. There can be no assurance that the services of these independent organizations, advisors and consultants will continue to be available to us on a timely basis when needed, or that we can find qualified replacements. In addition, if we are unable to effectively manage our outsourced activities or if the quality or accuracy of the services provided by consultants is compromised for any reason, our clinical trials may be extended, delayed, or terminated, and we may not be able to obtain regulatory approval of our product candidates or otherwise advance our business. There can be no assurance that we will be able to manage our existing consultants or find other competent outside contractors and consultants on economically reasonable terms, if at all.

If we are not able to effectively expand our organization by hiring new employees and expanding our groups of consultants and contractors, we may not be able to successfully implement the tasks necessary to further develop our product candidates and, accordingly, may not achieve our research, development, and commercialization goals.

A failure to maintain an effective system of internal control over financial reporting could result in material misstatements of our financial statements in future periods and may impair our ability to comply with the accounting and reporting requirements applicable to public companies.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements in accordance with U.S. generally accepted accounting principles. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

If we engage in acquisitions, in-licensing or strategic partnerships, this may increase our capital requirements, dilute our stockholders, cause us to incur debt or assume contingent liabilities and subject us to other risks.

We may engage in various acquisitions and strategic partnerships in the future, including licensing or acquiring complementary products, intellectual property rights, technologies or businesses. Any acquisition or strategic partnership may entail numerous risks, including:

- increased operating expenses and cash requirements;
- the assumption of indebtedness or contingent liabilities;
- the issuance of our equity securities which would result in dilution to our stockholders;
- assimilation of operations, intellectual property, products and product candidates of an acquired company, including difficulties associated with integrating new personnel;
- the diversion of our management’s attention from our existing product candidates and initiatives in pursuing such an acquisition or strategic partnership;
- retention of key employees, the loss of key personnel, and uncertainties in our ability to maintain key business relationships;
- risks and uncertainties associated with the other party to such a transaction, including the prospects of that party and their existing products or product candidates and regulatory approvals; and
- our inability to generate revenue from acquired intellectual property, technology and/or products sufficient to meet our objectives or even to offset the associated transaction and maintenance costs.

In addition, if we undertake such a transaction, we may incur large one-time expenses and acquire intangible assets that could result in significant future amortization expense.

Our internal computer systems, or those used by our third-party research institution collaborators, CROs or other contractors or consultants, may fail or suffer security breaches.

Despite the implementation of security measures, our internal computer systems may be vulnerable to damage from computer viruses and unauthorized access. Although to our knowledge, we have not experienced any such material system failure or security breach to date, if such an event were to occur, it could result in a material disruption of our development programs and our business operations, whether due to a loss of trade secrets or other proprietary information or other similar disruptions. For example, the loss of clinical trial data from completed, ongoing or future clinical trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. Likewise, we rely on third-party research institution collaborators, CROs, other contractors and consultants for many aspects of our business, including research and development activities and manufacturing of our product candidates, and similar events relating to their computer systems could also have a material adverse effect on our business.

The secure maintenance of information is critical to our business and reputation. We believe that companies have been increasingly subject to a wide variety of security incidents, cyber-attacks and other attempts to gain unauthorized access. These threats can come from a variety of sources, ranging in sophistication from an individual hacker to a state-sponsored attack. Cyber threats may be generic, or they may be custom-crafted against our information systems. Over the past few years, cyber-attacks have become more prevalent and much harder to detect and defend against.

Our network and storage applications and those of our collaborators, CROs and vendors may be subject to unauthorized access by hackers or breached due to operator error, malfeasance or other system disruptions. Additionally, the increased usage of computers operated on home networks due to the shelter-in-place or similar restrictions related to the COVID-19 pandemic may make our systems and those of our CROs and vendor more susceptible to security breaches. It is often difficult to anticipate or immediately detect such incidents and the damage caused by them. These data breaches and any unauthorized access or disclosure of our information or intellectual property could compromise our intellectual property and expose sensitive business information. A data security breach could also lead to public exposure of personal information of our employees. Cyber-attacks could cause us to incur significant remediation costs, disrupt key business operations and divert attention of management and key information technology resources. Our network security and data recovery measures and those of our collaborators, CROs and vendors may not be adequate to protect against such security breaches and disruptions. To the extent that any disruption or security breach were to result in a loss of, or damage to, our data or systems, or inappropriate disclosure of confidential or proprietary information, we could incur liability, our competitive position could be harmed, and the further development and commercialization of our product candidates could be delayed.

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

Our operations, and those of our CROs, CMOs, suppliers, and other contractors and consultants, could be subject to earthquakes, power shortages, telecommunications failures, water shortages, floods, hurricanes, typhoons, fires, extreme weather conditions, medical epidemics and other natural or man-made disasters or business interruptions, for which we are partly uninsured. In addition, we rely on our third-party research institution collaborators for conducting research and development of our product candidates, and they may be affected by government shutdowns or withdrawn funding. The occurrence of any of these business disruptions could seriously harm our operations and financial condition and increase our costs and expenses. For example, in connection to the current COVID-19 pandemic, the various quarantines, shelter-in-place and similar government orders, or the perception that such orders, shutdowns or other restrictions on the conduct of business operations could occur, related to COVID-19 or other infectious diseases, could adversely affect our business, financial condition or results of operations by limiting our ability to manufacture product, forcing temporary closure of facilities that we rely upon or increasing the costs associated with obtaining clinical supplies of our product candidates. The extent to which the coronavirus impacts our results will depend on future developments, which are highly uncertain and cannot be accurately predicted, including new information which may emerge concerning the severity of the coronavirus and the actions to contain the coronavirus or treat its impact, among others.

All of our operations including our corporate headquarters are located in a single facility in Palo Alto, California. Damage or extended periods of interruption to our corporate, development or research facilities due to fire, natural disaster, power loss, communications failure, unauthorized entry or other events could cause us to cease or delay development of some or all of our product candidates. Although we maintain property damage and business interruption insurance coverage on these facilities, our insurance might not cover all losses under such circumstances and our business may be seriously harmed by such delays and interruption.

We recently implemented a new enterprise resource planning, or ERP, system as well as other systems as part of our ongoing technology and process improvements. Our ERP system is critical to our ability to accurately maintain books and records and prepare our financial statements. If we encounter unforeseen problems with our ERP system or other systems and infrastructure, our business, operations, and financial results could be adversely affected.

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

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

- economic weakness, including inflation or political instability in particular non-U.S. economies and markets;
- differing and changing regulatory requirements, pricing and reimbursement regimes in non-U.S. countries;
- challenges enforcing our contractual and intellectual property rights, especially in those foreign countries that do not respect and protect intellectual property rights to the same extent as the United States;
- difficulties in compliance with non-U.S. laws and regulations;
- changes in non-U.S. regulations and customs, tariffs and trade barriers;
- changes in non-U.S. currency exchange rates and currency controls;
- changes in a specific country’s or region’s political or economic environment;
- trade protection measures, import or export licensing requirements or other restrictive actions by U.S. or non-U.S. governments;
- negative consequences from changes in tax laws;
- compliance with tax, employment, immigration and labor laws for employees living or traveling abroad;
- workforce uncertainty in countries where labor unrest is more common than in the United States;
- difficulties associated with staffing and managing international operations, including differing labor relations;
- potential liability under the FCPA or comparable foreign laws; and
- business interruptions resulting from geo-political actions, including war and terrorism or natural disasters.

In June 2016, the United Kingdom, or UK, held a referendum in which voters approved an exit from the EU, commonly referred to as "Brexit." This referendum has created political and economic uncertainty, particularly in the UK and the EU, and this uncertainty may persist for years. The UK officially withdrew from the EU on January 31, 2020, however the effects of the departure on both the EU and the UK are still highly uncertain, as many details of the divorce have yet to be addressed. The withdrawal may cause increased economic volatility, affecting our operations and business. Brexit may adversely impact our ability to obtain regulatory approvals of our product candidates in the EU, result in restrictions or imposition of taxes and duties for importing our product candidates into the EU, and may require us to incur additional expenses in order to develop, manufacture and commercialize our product candidates in the EU.

These and other risks associated with our planned international operations may materially adversely affect our ability to attain profitable operations.

Our business is currently affected and could be materially and adversely affected in the future by the effects of disease outbreaks, epidemics and pandemics, including the ongoing effects of the COVID-19 pandemic. The COVID-19 pandemic continues to impact our business and could materially and adversely affect our operations, as well as the business or operations of our manufacturers, CROs or other third parties with whom we conduct business.

Our business could be materially and adversely affected by health epidemics in regions where we have concentrations of clinical trial sites or other business operations and could cause significant disruption in the operations of third party manufacturers and CROs upon whom we rely. For example, on March 10, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. In response, we delayed initiation of the next set of KSI-301 pivotal studies by one quarter from June to September 2020 in order to assess how best to minimize the impact of COVID-19 on clinical trial conduct. We implemented and continue to implement various enhancements into our ongoing study execution to help ensure the safety of patients, physicians, study site staff and Kodiak operations team members during the ongoing COVID-19 pandemic, including the use of remote study monitoring. To date, we have observed minimal disruption resulting from the evolving effects of the COVID-19 pandemic, and we and our key clinical and manufacturing partners have been able to continue to advance our operations. during the pandemic towards achieving our "2022 Vision."

The COVID-19 pandemic continues to unfold and we will continue to monitor our operations in response. We continue to observe government recommendations and may elect to temporarily close our office and/or laboratory space to protect our employees. Quarantines for COVID-19 or other viruses could impact personnel at third party manufacturing facilities, or the availability or cost of materials, which would disrupt our supply chain. While many of these materials may be obtained by more than one supplier, port closures and other restrictions resulting from the coronavirus outbreak in the region may disrupt our supply chain or limit our ability to obtain sufficient materials for our drug products.

In addition, our current and future clinical trials may be materially and adversely affected by the COVID-19 outbreak in the future. Site initiation and patient enrollment may be further delayed due to prioritization of hospital resources toward the COVID-19 outbreak. Some patients may not be able to comply with clinical trial protocols if quarantines impede patient movement or interrupt healthcare services. Our ability to recruit and retain patients and principal investigators and site staff who, as healthcare providers, may have heightened exposure to COVID-19 and adversely impact our clinical trial operations. Kodiak staff and/or our CRO partners may not be able to travel to study sites, impacting further site initiations. Other Kodiak vendors on whom we depend, such as supply chain and logistics partners and our image reading centers may be disrupted, and our operations could be affected. Our clinical studies enroll patients who have underlying risk factors such as advanced age, hypertension and/or diabetes which could lead to higher than expected study discontinuation rates if these patients are adversely affected by the COVID-19 outbreak. To date, we are seeing low levels of patient missed visits (<5%).

The global outbreak of COVID-19 continues to rapidly evolve. The ultimate impact of the COVID-19 outbreak or a similar health epidemic is highly uncertain and subject to change. We do not yet know the full extent of potential delays or impacts on our business, our clinical trials, healthcare systems or the global economy as a whole. However, these effects could have a material impact on our operations, and we will continue to monitor the COVID-19 situation closely.

To the extent the COVID-19 pandemic adversely affects our business and results of operations, it may also have the effect of heightening many of the other risks described in this "Risk Factors" section.

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

As of December 31, 2019, we had federal net operating loss carryforwards, or NOLs, of $31.8 million. A portion of the federal net operating loss carryforwards begins to expire in 2035. Under Sections 382 and 383 of the United States Internal Revenue Code of 1986, as amended, or the Code, if a corporation undergoes an "ownership change" (generally defined as a greater than 50-percentage-point cumulative change (by value) in the equity ownership of certain stockholders over a rolling three-year period), the corporation's ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes to offset its post-change taxable income or taxes may be limited. We may also experience ownership changes in the future as a result of subsequent shifts in our stock ownership, some of which are outside our control. As a result, our ability to use our pre-change net operating loss carryforwards and other pre-change tax attributes to offset post-change taxable income or taxes may be subject to limitation.

The Tax Cuts and Jobs Act (the "Tax Act"), as modified by the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") enacted in March 2020, among other things, includes changes to U.S. federal tax rates and the rules governing NOL carryforwards. Federal NOLs arising in tax years beginning after December 31, 2017 are permitted to be carried forward indefinitely, but carryback of such NOLs is generally permitted to the prior five taxable years only for NOLs arising in taxable years beginning before 2021. In addition, under the Tax Act, as modified by the CARES Act, the deductibility of federal NOLs incurred in taxable years beginning after December 31, 2017 is limited in taxable years beginning after December 31, 2020. For state income tax purposes, there may be periods during which the use of net operating loss carryforwards is suspended or otherwise limited, which could accelerate or permanently increase state taxes owed. For example, California recently imposed limits on the usability of California state net operating losses to offset taxable income in tax years beginning after 2019 and before 2023. The new limitations on use of NOLs may significantly impact our ability to utilize our NOLs to offset taxable income in the future.

Risks Related to Ownership of Our Common Stock

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

The market price of our common stock may be volatile. As a result, you may not be able to sell your common stock at or above the price that you paid for such shares. Some of the factors that may cause the market price of our common stock to fluctuate include:

- the success of existing or new competitive products or technologies;
- the timing and results of clinical trials for our current product candidates and any future product candidates that we may develop;
- commencement or termination of collaborations for our product candidates;
- failure or discontinuation of any of our product candidates;
- failure to develop our ABC Platform;
- results of preclinical studies, clinical trials or regulatory approvals of product candidates of our competitors, or announcements about new research programs or product candidates of our competitors;
- regulatory or legal developments in the United States and other countries;
- developments or disputes concerning patent applications, issued patents or other proprietary rights;
- the recruitment or departure of key personnel;
- the commencement of litigation;
- the level of expenses related to any of our research programs, product candidates that we may develop;
- the results of our efforts to develop additional product candidates or products;
- actual or anticipated changes in estimates as to financial results, development timelines or recommendations by securities analysts;
- announcement or expectation of additional financing efforts;
- sales of our common stock by us, our insiders, or other stockholders;
- expiration of market standoff or lock-up agreements;
- variations in our financial results or those of companies that are perceived to be similar to us;
- changes in estimates or recommendations by securities analysts, if any, that cover our stock;
- changes in the structure of healthcare payment systems;
- market conditions in the pharmaceutical and biotechnology sectors;
- general economic, industry, and market conditions, including fluctuations attributable to the COVID-19 global pandemic and other unforeseeable circumstances; and
- the other factors described in this “Risk Factors” section.

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

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

The trading market for our common stock will rely in part on the research and reports that industry or financial analysts publish about us or our business. If one or more of the analysts covering our business downgrade their evaluations of our stock, the price of our stock could decline. If one or more of these analysts cease to cover our stock, we could lose visibility in the market for our stock, which in turn could cause our stock price to decline.

Future sales of our common stock in the public market could cause our share price to decline, even if our business is doing well.

Sales of a substantial number of shares of our common stock in the public market, or the perception that these sales might occur, could depress the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the effect that sales, particularly sales by our directors, executive officers and significant stockholders, may have on the prevailing market price of our common stock. All of our outstanding shares of common stock are available for sale in the public market, subject only to the restrictions of Rule 144 under the Securities Act in the case of our affiliates. In addition, the shares of common stock subject to outstanding options under our equity incentive plans and the shares reserved for future issuance under our equity incentive plans, as well as shares issuable upon vesting of restricted stock unit awards, will become eligible for sale in the public market in the future, subject to certain legal and contractual limitations. In addition, certain holders of our common stock have the right, subject to various conditions and limitations, to request we include their shares of our common stock in registration statements we may file relating to our securities. If any of these additional shares are sold, or if it is perceived that they will be sold, in the public market, the market price of our common stock could decline.

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

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

Our principal stockholders own a significant percentage of our common stock, which could limit your ability to affect the outcome of key transactions, including a change of control.

Our directors, executive officers, significant holders of outstanding common stock and their respective affiliates beneficially own a significant amount of our common stock. As a result, these stockholders, if they act together, will be able to influence our management and affairs and all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions. This concentration of ownership may have the effect of delaying or preventing a change in control of our company and might affect the market price of our common stock.

We are an "emerging growth company," and a "smaller reporting company," and the reduced disclosure requirements applicable us may make our common stock less attractive to investors.

We are an "emerging growth company," as defined in the JOBS Act. For so long as we remain an emerging growth company, we are permitted and plan to rely on exemptions from certain disclosure requirements that are applicable to other public companies that are not emerging growth companies. These exemptions include not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, or SOX, 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 stockholder approval of any golden parachute payments not previously approved. In addition, to the extent that we continue to qualify as a "smaller reporting company," as defined in the Exchange Act, we may choose to provide the scaled disclosure available to smaller reporting companies. As a result, the information we provide stockholders may be different than the information that is available with respect to other public companies. We cannot predict whether investors will find our common stock less attractive if we rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock, and our stock price may be more volatile.

We will continue to incur 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 and corporate governance practices.

As a public company, and particularly after we are no longer an emerging growth company, we will continue to incur significant legal, accounting, and other expenses that we did not incur as a private company. SOX, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of Nasdaq, and other applicable securities rules and regulations impose various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. We expect that we will need to hire additional accounting, finance, and other personnel in connection with our efforts to comply with the requirements of being a public company, and our management and other personnel will need to devote a substantial amount of time towards maintaining compliance with these requirements. These requirements will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. For example, we expect that the rules and regulations applicable to us as a public company may make it more difficult and more expensive for us to obtain director and officer liability insurance, which could make it more difficult for us to attract and retain qualified members of our board of directors. We are continually evaluating these rules and regulations and cannot predict or estimate the amount of additional costs we may incur or the timing of such costs. These rules and regulations are often subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices.

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

If we are unable to maintain effective internal controls, our business, financial position and results of operations could be adversely affected.

As a public company, we are subject to reporting and other obligations under the Exchange Act, including the requirements of SOX Section 404, which require annual management assessments of the effectiveness of our internal control over financial reporting.

The rules governing the standards that must be met for management to determine that our internal control over financial reporting is effective are complex and require significant documentation, testing and possible remediation to meet the detailed standards under the rules. During the course of its testing, our management may identify material weaknesses or deficiencies which may not be remedied in time to meet the deadline imposed by SOX. These reporting and other obligations place significant demands on our management and administrative and operational resources, including accounting resources.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States. Any failure to maintain effective internal controls could have an adverse effect on our business, financial position and results of operations.

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

Our management has broad discretion in the application of the net proceeds received from any offering. Our management may spend a portion or all of the net proceeds from any offering in ways that our stockholders may not desire or that may not yield a favorable return. The failure by our management to apply these funds effectively could harm our business, financial condition, results of operations and prospects. Pending their use, we may invest the net proceeds from any offering in a manner that does not produce income or that loses value.

Delaware law and provisions in our certificate of incorporation and bylaws might discourage, delay, or prevent a change in control of our company or changes in our management and, therefore, depress the trading price of our common stock.

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

- provide that vacancies on our board of directors may be filled only by a majority of directors then in office, even though less than a quorum;
- eliminate cumulative voting in the election of directors;
- authorize our board of directors to issue shares of preferred stock and determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval;
- provide our board of directors with the exclusive right to elect a director to fill a vacancy or newly created directorship;
- permit stockholders to only take actions at a duly called annual or special meeting and not by written consent;
- prohibit stockholders from calling a special meeting of stockholders;
- require that stockholders give advance notice to nominate directors or submit proposals for consideration at stockholder meetings;
- authorize our board of directors, by a majority vote, to amend the bylaws; and
- require the affirmative vote of at least 66 2/3% or more of the outstanding shares of common stock to amend many of the provisions described above.

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

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

Our bylaws provide that the Court of Chancery of the State of Delaware and the federal district courts of the United States of America will be the exclusive forums 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 bylaws provide that the Court of Chancery of the State of Delaware will be the exclusive forum for:

- any derivative action or proceeding brought on our behalf;
- any action asserting a claim of breach of fiduciary duty;
- any action asserting a claim against us arising under the DGCL, our certificate of incorporation, or our bylaws; and
- any action asserting a claim against us that is governed by the internal-affairs doctrine.

Our bylaws further provide that the U.S. federal district courts will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act of 1933, as amended.

These exclusive-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 lawsuits against us and our directors, officers, and other employees. If a court were to find either exclusive-forum provision in our bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could seriously harm our business. Our bylaws further provide that unless we otherwise consent in writing, the U.S. federal district courts will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, which we refer to as the Federal Forum Provision. However, on December 19, 2018, the Delaware Chancery Court issued an opinion in *Sciabacucchi v. Salzberg*, C.A. No. 2017-0931-JTL, finding that provisions similar to the Federal Forum Provision are not valid under Delaware Law. As previously disclosed in a Current Report on Form 8-K we filed on January 28, 2019, in light of the *Sciabacucchi* decision, we do not currently intend to enforce the foregoing federal forum selection provision unless the *Sciabacucchi* decision is reversed. If the Delaware Supreme Court affirms the Chancery Court's decision, then we intend to amend the Bylaws to remove the invalid provision. Such amendment could cause us to incur additional costs, which could have an adverse effect on our business, financial condition or results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

None.

Item 5. Other Information.

None.

Item 6. Exhibits.

(a) Exhibits.

Exhibit Number	Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
10.1	Lease Agreement for 1200 Page Mill Road, Building 3, by and between the Registrant and 1050 Page Mill Road Property, LLC, dated June 19, 2020				
10.2	Lease Agreement for 1250 Page Mill Road, Building 4, by and between the Registrant and 1050 Page Mill Road Property, LLC, dated June 19, 2020				
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
31.2	Certification of Principal Accounting and Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
32.1*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				
32.2*	Certification of Principal Accounting and Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)				
101.SCH	Inline XBRL Taxonomy Extension Schema Document				
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document				
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document				
104	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101)				

* The certifications attached as Exhibits 32.1 and 32.2 are deemed "furnished" and not deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and are not to be incorporated by reference into any filing of Kodiak Sciences Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof irrespective of any general incorporation by reference language contained in any such filing, except to the extent that the registrant specifically incorporates it by reference.

SIGNATURES

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

KODIAK SCIENCES INC.

Date: August 10, 2020

By: /s/ Victor Perlroth

Victor Perlroth, M.D.
Chairman and Chief Executive Officer
(Principal Executive Officer)

Date: August 10, 2020

By: /s/ John Borgeson

John Borgeson
Senior Vice President and Chief Financial Officer
(Principal Accounting and Financial Officer)

SUBLEASE

BY AND BETWEEN

1050 Page Mill Road Property, LLC,
a Delaware limited liability company

as Landlord

and

Kodiak Sciences Inc.,
a Delaware corporation

as Tenant

June 19, 2020

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SUBLEASE

THIS SUBLEASE, defined as the "**Lease**" herein and dated June 19, 2020 for reference purposes only, is made by and between **1050 Page Mill Road Property, LLC**, a Delaware limited liability company ("**Landlord**") and **Kodiak Sciences Inc.**, a Delaware corporation [Nasdaq: KOD] ("**Tenant**"), to be effective and binding upon the parties as of the date the last of the designated signatories to this Lease shall have executed this Lease (the "**Effective Date of this Lease**").

A. Ground Lessor is the fee owner of the Property (as such terms are defined below in Article 1).

B. Landlord leases the Property from Ground Lessor pursuant to the Ground Lease (as such terms are defined below in Article 1).

C. Tenant desires to sublease Building 3 from Landlord, and Landlord desires to sublease Building 3 to Tenant, on the terms and conditions set forth in this Lease.

NOW, THEREFORE, Landlord and Tenant hereby agree as follows:

ARTICLE 1
REFERENCE

1.1 References. All references in this Lease (subject to any further clarifications contained in this Lease) to the following terms shall have the following meaning or refer to the respective address, person, date, time period, amount, percentage, calendar year or fiscal year as below set forth:

Landlord's Representative:	Jason Chow
Phone Number:	(650) 344-1500
Lease Commencement Date:	The date that Landlord delivers the Leased Premises to Tenant with the Base Building Work (as defined in the Work Letter attached hereto) completed, currently anticipated to occur on or before August 1, 2020.
Rent Commencement Date:	September 1, 2020
Initial Term:	The period commencing on the Lease Commencement Date and expiring six and one-half (6½) years after the Rent Commencement Date.
Lease Expiration Date:	Six and one-half (6½) years from the Rent Commencement Date, unless earlier terminated in accordance with the terms of this Lease, or extended by Tenant pursuant to Article 15.
Option(s) to Extend:	One option to extend, for a term of six and one-half (6½) years.

First Month's Prepaid Rent:	$297,583.20 (i.e., Base Monthly Rent for the first month after the Rent Commencement Date, after the 50% abatement pursuant to Paragraph 3.1 below).
Tenant's Security Deposit:	$2,956,000.00, subject to reduction as described in Paragraph 3.7 below.
Late Charge Amount:	Three Percent (3%) of the Delinquent Amount
Tenant's Required Liability Coverage:	$5,000,000 Combined Single Limit
Property:	That certain real property situated in the City of Palo Alto, County of Santa Clara, State of California, as presently improved with four 2-story buildings, which real property is shown on the Site Plan attached hereto as **Exhibit A** and is commonly known as or otherwise described as follows: 1050 Page Mill Road, Palo Alto, California.
Building 3:	That certain building constructed on the Property identified as Building 3, with an address of 1200 Page Mill Road in Palo Alto, California ("**Building 3**"), which Building is denoted on the Site Plan as Building 3. The rentable square footage of Building 3, as determined in accordance with the Measurement Method, is 82,662.
Common Areas:	The term "**Common Areas**" shall mean all areas within the Property from time to time not reserved for the exclusive use of Landlord, Tenant or any other tenant, such as entranceways, surface parking areas, circulation roads, and certain landscaped areas; provided, however, that the Exclusive Use Common Areas shall constitute Common Areas for purposes of this Lease, notwithstanding that such areas are reserved for the use of the building to which they are attached or adjacent. Landlord reserves the right to make changes to the Common Areas (other than the Exclusive Use Common Areas) as it deems reasonably necessary. Common Areas shall not include the interior of any Other Buildings. Landlord reserves the right to grant rights in the Common Areas (other than the Exclusive Use Common Areas) as more fully described in Paragraph 4.10 below.
Exclusive Use Common Areas:	The "**Exclusive Use Common Areas**" shall mean the areas so denoted on the Site Plan.

Building 3

Parking Ratio:	With respect to the Leased Premises, Tenant shall be entitled to utilize 3.2 unreserved and unassigned (except as provided below in this paragraph) parking spaces for each one thousand (1,000) net rentable square feet of Leased Premises (as the same may change from time to time in accordance with the terms of this Lease or an amendment hereto), such spaces to be located in the Common Areas and in the Building 3 underground parking garage. So long as Tenant is leasing the entirety of Building 3: (a) Tenant shall have the exclusive right to all parking spaces located in the Building 3 parking garage as shown on **Schedule 1** attached hereto, and (b) Tenant shall have the right to paint "Kodiak Sciences Parking" on all of the surface parking spaces highlighted in green on **Schedule 1**. If Tenant desires to install electric vehicle charging stations for any other spaces within the Building 3 parking garage or the surface parking allocated to Tenant, such installation shall be at Tenant's sole cost and expense, and Tenant must comply with Article 6 of the Lease in making any such installations. Tenant acknowledges that Landlord does not police the use of parking spaces in the parking garage or in the surface parking areas. Parking is provided to Tenant by Landlord without additional charge for the entire Lease Term including any expansion and/or extension periods.
HVAC:	Heating, ventilating, and/or air conditioning.
Leased Premises:	The interior of Building 3 (including the elevator lobby of the Building 3 underground parking garage) and all the interior space within Building 3, including but not limited to stairwells, elevator shafts, covered balcony space, and upper portions of open lobbies. The Leased Premises have been measured by Landlord and by Tenant, utilizing the Measurement Method (defined below) and both parties agree that the Leased Premises contain 82,662 rentable square feet ("**RSF**"). As used herein, the term "**Measurement Method**" means the Building Owners and Managers Association Gross Area of a Building: Standard Methods of Measurement (ANSI/BOMA Z65.3-2009), Construction Gross Area, and includes exterior covered decks, balconies, and upper portions of open lobbies. The RSF of the Leased Premises as so measured and determined pursuant to this paragraph shall be the rentable area of the Leased Premises for all purposes under this Lease.

Building 3

Tenant's Building Share:	The term "**Tenant's Building Share**" shall mean the percentage obtained by dividing the rentable square footage of the Leased Premises at the time of calculation by the rentable square footage of Building 3 at the time of calculation. Such percentage is currently 100%.
Tenant's Property Share:	The term "**Tenant's Property Share**" shall mean the percentage obtained by dividing the rentable square footage of the Leased Premises at the time of calculation by the rentable square footage of Building 3 and the Other Buildings at the time of calculation. Such percentage is currently 26.58%. In the event that any portion of the Property is sold by Landlord, or if new improvements are constructed on the Property, or if the rentable square footage of the Leased Premises, Building 3, or the Other Buildings is otherwise changed, Tenant's Property Share shall be recalculated to equal the percentage described in the first sentence of this paragraph, so that the aggregate Tenant's Property Share of all RSF at the Property shall equal 100%.
Standard Interest Rate:	The term "**Standard Interest Rate**" shall mean the greater of (a) 8%, or (b) the sum of that rate quoted by Wells Fargo Bank, N.T. & S. A., from time to time as its prime rate, plus two percent (2%), but in no event more than the maximum rate of interest not prohibited or made usurious.
Default Interest Rate:	The term "**Default Interest Rate**" shall mean the Standard Interest Rate, plus five percent (5%), but in no event more than the maximum rate of interest not prohibited or made usurious.
GAAP:	Generally accepted accounting principles, consistently applied.
Building 2:	That certain building constructed on the Property identified as Building 2, with an address of 1100 Page Mill Road in Palo Alto, California ("**Building 2**"), which Building is denoted on the Site Plan as Building 2. The rentable square footage of Building 2, as determined in accordance with the Measurement Method, is 72,812.
Building 4:	That certain building constructed on the Property identified as Building 4, with an address of 1250 Page Mill Road in Palo Alto, California ("**Building 4**"), which Building is denoted on the Site Plan as Building 4. The rentable square footage of Building 4, as determined in accordance with the Measurement Method, is 72,812.

Building 3

Building 1:	That certain building constructed on the Property identified as Building 1, with an address of 1000 Page Mill Road in Palo Alto, California ("**Building 1**"), which Building is denoted on the Site Plan as Building 1. The rentable square footage of Building 1, as determined in accordance with the Measurement Method, is 82,662.
Other Buildings:	Buildings 1, 2, and 4, and such other buildings as may be built on the Property from time to time.
Ground Lease:	That certain Lease dated as of June 25, 1998, but effective as of December 28, 1955 (as amended to date), between Ground Lessor and Beckman Coulter, Inc., predecessor in interest to BC Palo Alto, LLC (which is the predecessor in interest to Landlord), pursuant to which Landlord leases the Property from Ground Lessor.
Ground Lessor:	The Board of Trustees of the Leland Stanford Junior University, a body having corporate powers under the laws of the State of California.
Base Monthly Rent:	The term "**Base Monthly Rent**" shall mean the following: Period* Base Monthly Rent Months 1-12$595,166.40** Months 13-24$613,021.39** Months 25-36$631,412.03 Months 37-48$650,354.39 Months 49-60$669,865.03 Months 61-72$689,960.98 Months 73-78$710,659.81 *Commencing on the Rent Commencement Date. **Notwithstanding the foregoing, 50% of each payment of Base Monthly Rent for the first twenty-four (24) months after the Rent Commencement Date is abated in accordance with Paragraph 3.1 below.
Permitted Use:	General office, laboratory, and any other legally permitted uses, to the extent in compliance with the Ground Lease, all Laws and Restrictions, and no other uses.

Exhibits:	The term "**Exhibits**" shall mean the Exhibits and Schedules of this Lease which are described as follows:
	Schedule 1 – Parking
	Schedule 2 – Ground Lease
	Exhibit A - Site Plan showing the Property and delineating Building 3 in which the Leased Premises are located.
	Exhibit B – Work Letter
	Exhibit C – Release of Ground Lessor
	Exhibit D – Subordination, Nondisturbance and Attornment Provisions
	Exhibit E – Form of Tenant Estoppel Certificate

ARTICLE 2
LEASED PREMISES, TERM AND POSSESSION

2.1 Demise Of Leased Premises. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, for the Lease Term and upon the terms and subject to the conditions of this Lease, that certain interior space described in Article 1 as the Leased Premises. The effectiveness of this Lease is subject to the receipt by Landlord and Tenant of the consent of the Ground Lessor as described in Paragraph 4.15 below, and if Ground Lessor does not so consent by the date which is thirty (30) days after the Effective Date of this Lease, this Lease shall automatically terminate and be null and void. Tenant's lease of the Leased Premises, together with the appurtenant right to use the Common Areas as described in Paragraph 2.2 below, are subject to all easements and other matters now of public record respecting the use of the Leased Premises and Property. Notwithstanding any provision of this Lease to the contrary, Landlord hereby reserves to itself for maintenance and repair purposes only, all rights of access, use and occupancy of the Building roof, and Tenant's rights of access, use or occupancy of the Building roof shall be solely as set forth in Paragraph 4.14 below or as is otherwise required in order to enable Tenant to perform Tenant's maintenance and repair obligations pursuant to this Lease.

2.2 Right To Use Common Areas. As an appurtenant right to Tenant's right to the use and occupancy of the Leased Premises, Tenant shall have the right to use the Common Areas, in conjunction with its use of the Leased Premises solely for the purposes for which they were designed and intended and for no other purposes whatsoever. Tenant's right to so use the Common Areas shall terminate concurrently with any termination of this Lease. Further, Landlord shall have the right, from time to time, to reconfigure the Common Areas or modify the size of the Common Areas in connection with new construction on the Property or transfers of portions of the Property, provided that Tenant's access to the Leased Premises is not materially adversely affected and the number of parking spaces available for Tenant's exclusive or non-exclusive use at the Property is not reduced thereby. So long as Tenant is leasing the entirety of Building 3, Tenant shall have the right, at Tenant's sole cost, to use the Exclusive Use Common Area attached or adjacent to Building 3 (a) for patio purposes, and (b) for outdoor storage structures; *provided, however*, that in order to be able to use the same for outdoor storage, Tenant must comply with all Laws and Restrictions and Article 6 below, and obtain all necessary approvals from the

Ground Lessor, the City of Palo Alto, and any other agencies with jurisdiction. Tenant acknowledges that Landlord has informed it that the Property has been improved to the maximum floor area ratio allowed by the City of Palo Alto, which may prevent Tenant from constructing storage structures outside of Building 3.

2.3 Lease Commencement Date And Lease Term. Subject to Paragraph 2.4 below, the term of this Lease shall begin on the Lease Commencement Date, as set forth in Article 1. The term of this Lease shall in all events end on the Lease Expiration Date (as set forth in Article 1). The Lease Term shall be that period of time commencing on the Lease Commencement Date and ending on the Lease Expiration Date (the "Lease Term").

2.4 Delivery Of Possession.

(a) Landlord shall deliver the Leases Premises to Tenant with the Base Building Work constructed pursuant to the Work Letter attached hereto as **Exhibit B** and hereby incorporated herein (the "**Work Letter**").

(b) Landlord represents and warrants to Tenant that upon delivery of Building 3 to Tenant on the Lease Commencement Date: (i) Building 3 will be in compliance with the building code requirements (including those relating to seismic and structural strength, the Americans With Disabilities Act, and Title 24) applicable thereto as of the date the building permit was issued for the Base Building Work, and (ii) the mechanical, electrical, plumbing, sewer, window, and roofing systems (i.e., structural roof and membrane), and the foundation, structural walls, and windows, installed in Building 3 by Landlord, as well as the Common Areas, to the extent applicable to Building 3 and not the balance of the Property, will be in good operating condition. It is agreed that by accepting possession of the Leased Premises on the Lease Commencement Date, Tenant formally accepts same and acknowledges that the Leased Premises are in the condition called for hereunder, subject only to the foregoing representations and warranties of Landlord.

(c) Notwithstanding the foregoing subparagraph (b) but subject to any damage or injury thereto, or any misuse thereof, caused by Tenant or any of the Tenant Parties, Landlord warrants that for the period starting on the Lease Commencement Date and ending twenty- four (24) months following the Lease Commencement Date (the "**Warranty Period**"), the HVAC system, life safety, mechanical, electrical, elevator, plumbing, and roofing systems (i.e., structural roof and membrane) of the Building (collectively, the "**Building Systems**"), shall be in good working order and condition (the "**Warranted Condition**"). If at any time within the Warranty Period, any of such Building Systems within the Leased Premises fails to be in the Warranted Condition and Landlord has actual knowledge (as defined below) thereof or Tenant accurately notifies Landlord of the same promptly after obtaining knowledge thereof, in each case on or prior to the expiration of the Warranty Period, then Landlord shall, following timely written notice from Tenant identifying such failure with reasonable specificity, perform the work as is reasonably necessary to cure such failure of the Warranted Condition at Landlord's sole cost and expense (and not as a Property Operating Expense). For purposes of this Paragraph 2.4 (b), the term "**actual knowledge**" means the actual, then current knowledge of Jason Chow, and Landlord's designated property manager(s) for the Leased Premises (or Landlord's designated replacements, if applicable, of such individuals so long as such replacements have similar level of knowledge regarding the Property as the named individuals), without imputation or any duty of inquiry or independent investigation. Notwithstanding anything herein to the contrary, it is the intention of Landlord and Tenant that Landlord's obligations pursuant to this Paragraph 2.4 be limited to the repair or replacement of relevant items that are not in the Warranted Condition and in no event shall the terms of this Paragraph 2.4 be deemed to make Landlord, and not Tenant, responsible for the maintenance of such items pursuant to the terms of Paragraph 5.1(a) of this Lease. If Tenant does not make an accurate written claim against

Landlord for a breach of such representation and warranty promptly after obtaining knowledge thereof and prior to expiration of the Warranty Period in accordance with the preceding provisions of this Paragraph 2.4(c), then Landlord shall have no further obligation or liability with respect to such provision, but Landlord and Tenant shall remain bound by their respective maintenance and repair obligations pursuant to the terms of Article 5 of this Lease. Except as specifically set forth in this Lease and in the Work Letter, Landlord shall not be obligated to provide or pay for any improvement work or services related to the improvement of the Leased Premises.

2.5 Performance Of Tenant Improvements; Acceptance Of Possession. Tenant shall, pursuant to the Work Letter, perform the work and make the installations in the Leased Premises substantially as set forth in the Work Letter (such work and installations hereinafter referred to as the "**Tenant Improvements**").

2.6 Surrender Of Possession. Immediately prior to the expiration or upon the sooner termination of this Lease, Tenant shall remove all of Tenant's signs from the exterior of Building 3 and shall remove all of Tenant's equipment (including telecommunications wiring and cabling, unless Landlord otherwise elects), trade fixtures, furniture, supplies, wall decorations and other personal property from within the Leased Premises, Building 3 and the Common Areas, and shall vacate and surrender the Leased Premises, Building 3, the Common Areas and the Property to Landlord in the same condition, broom clean, as existed at the Lease Commencement Date, reasonable wear and tear excepted. Tenant shall be required to remove all Non-Standard Improvements (as defined below) and repair all damage caused by such removal, but shall not be required to remove any other alterations, modifications, or improvements. As used herein, "**Non-Standard Improvements**" shall mean any alterations, modifications, or improvements that (i) affect any of Building 3's structures or materially affect any of the Building's systems, or (ii) are visible from outside Building 3, or (iii) contain Hazardous Materials (as defined in Paragraph 4.11 below), or (iv) are of a type or quantity that would not typically be installed by or for a typical tenant using space for the Permitted Use, and Non-Standard Improvements include, but are not limited to, the following: (A) raised floors, (B) voice, data, and other cabling, (C) specialty data center rooms, (D) libraries, (E) any areas requiring floor reinforcement or enhanced system requirements, (F) any internal staircase(s), (G) the portion of any fitness center exceeding five thousand (5,000) square feet of the Leased Premises, and (H) any kitchen(s) exceeding three thousand five hundred (3,500) square feet of Building 3 (provided that Landlord acknowledges and agrees that Tenant may use the area adjacent to the kitchen(s) for one (1) or more cafeterias and associated dining space, which cafeteria(s) shall not be subject to any square footage threshold or limits for purposes of restoration so long as such spaces are designed, approved by Landlord, and constructed in accordance with the requirements of the Work Letter and do not contain specialty cooking equipment), and do not fit within the categories described in clauses (i), (ii), or (iii) above. Landlord shall act reasonably in determining what alterations, modifications, or improvements constitute Non-Standard Improvements. Tenant shall repair all damage to the Leased Premises, the exterior of Building 3 and the Common Areas caused by Tenant's removal of Tenant's property. If Landlord elects by written notice to Tenant not later than sixty (60) days prior to the termination or expiration of the Term to require Tenant to surrender Tenant's telecommunications wiring and cabling, then Tenant shall leave the same in good condition and repair and labeled and/or coded sufficiently so that Landlord can readily determine the origin, destination and function of the wires and cables; otherwise the same shall be removed. Tenant shall patch and refinish, to Landlord's reasonable satisfaction, all penetrations made by Tenant or its employees to the floor, walls or ceiling of the Leased Premises, whether such penetrations were made with Landlord's approval or not. Tenant shall repair or replace all stained or damaged ceiling tiles, wall coverings and floor coverings to the reasonable satisfaction of Landlord. Subject to Paragraph 9.3 below, Tenant shall repair all damage caused by Tenant to the exterior surface of Building 3. If the Leased Premises, Building 3, the Common Areas and the Property are not surrendered to Landlord in the condition required by this paragraph at the expiration or sooner termination of this Lease, Landlord may, at Tenant's expense, so remove Tenant's signs,

property and/or improvements not so removed and make such repairs and replacements not so made or hire, at Tenant's expense, independent contractors to perform such work. Tenant shall be liable to Landlord for all costs incurred by Landlord in returning the Leased Premises, Building 3 and the Common Areas to the required condition, together with interest on all costs so incurred from the date paid by Landlord at the Default Interest Rate until paid. Tenant shall pay to Landlord the amount of all costs so incurred plus such interest thereon, within thirty (30) days of Landlord's billing Tenant for same.

2.7 Accessibility. In accordance with California Civil Code Section 1938, Landlord hereby informs Tenant that as of the Effective Date, the Leased Premises has not been inspected by a Certified Access Specialist (as defined in California Civil Code Section 55.52(3)) ("CASp"). California Civil Code Section 1938(e) provides:

"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."

Accordingly, Landlord and Tenant hereby mutually agree that if Tenant desires to obtain a CASp inspection, (i) the CASp inspection shall be at Tenant's sole cost and expense, (ii) the inspection shall be performed by a CASp that is currently certified in California and has been reasonably approved by Landlord, (iii) the CASp inspection shall take place during regular business hours with at least five (5) business days' prior written notice to Landlord, (iv) Tenant shall promptly provide Landlord with a copy of the final report prepared in connection with the CASp inspection (the "**CASp Report**"), and (v) the responsibility for making any repairs or modifications necessary to correct violations of construction-related accessibility standards that are noted in the CASp Report shall be allocated as provided in this Lease (the "**Required Modifications**"). The Required Modifications shall be performed in a good and workmanlike manner in compliance with all of the terms of the Lease.

Tenant hereby acknowledges and agrees that the CASp Report is to be kept strictly confidential, except as necessary for Tenant to complete repairs and correct violations of construction-related accessibility standards as noted in the CASp Report. Accordingly, except as provided above or as may be required by law or court order, Tenant shall not release, publish or otherwise distribute (and shall not authorize or permit any other person or entity to release, publish or otherwise distribute) any information contained in the CASp Report. Tenant's obligations hereunder shall survive the expiration or earlier termination of the Lease.

ARTICLE 3
RENT, LATE CHARGES AND SECURITY DEPOSITS

3.1 Base Monthly Rent. Commencing on the Rent Commencement Date (as determined pursuant to Paragraph 2.3 above) and continuing throughout the Lease Term, Tenant shall pay to Landlord, without prior demand therefor, in advance on the first day of each calendar month, cash or other immediately available good funds in the amount set forth as "Base Monthly Rent" in Article 1 (the "**Base Monthly Rent**"). Notwithstanding the foregoing, 50% of each payment of Base Monthly Rent for each of the first twenty-four (24) months after the Rent Commencement Date shall be abated.

3.2 Additional Rent. Commencing on the Rent Commencement Date (as determined pursuant to Paragraph 2.3 above) and continuing throughout the Lease Term, in addition to the Base

Monthly Rent and to the extent not required by Landlord to be contracted for and paid directly by Tenant, Tenant shall pay to Landlord as additional rent (the "**Additional Rent**"), cash or other immediately available good funds in the following amounts:

(a) An amount equal to all Property Operating Expenses (as defined in Article 13) incurred or to be incurred by Landlord. Payment shall be made by whichever of the following methods (or combination of methods) is (are) from time to time designated by Landlord:

(i) Landlord may bill to Tenant, on a periodic basis not more frequently than monthly, the amount of such expenses (or group of expenses) as paid or incurred by Landlord, and Tenant shall pay to Landlord the amount of such expenses within thirty (30) days after receipt of a written bill therefor from Landlord, and/or

(ii) Landlord may deliver to Tenant Landlord's reasonable estimate of any given expense (such as Landlord's Insurance Costs or Real Property Taxes), or group of expenses, which it anticipates will be paid or incurred for the ensuing calendar or fiscal year, as Landlord may determine, and Tenant shall pay to Landlord an amount equal to the estimated amount of such expenses for such year in equal monthly installments during such year with the installments of Base Monthly Rent. Landlord reserves the right to revise such estimate from time to time, not more frequently than once per calendar year.

(b) Landlord's share of the consideration received by Tenant upon certain assignments and sublettings as required by Article 7.

(c) Any legal fees and costs that Tenant is obligated to pay or reimburse to Landlord pursuant to Article 13; and

(d) Any other charges or reimbursements due Landlord from Tenant pursuant to the terms of this Lease.

3.3 Year-End Adjustments. If Landlord shall have elected to bill Tenant for the Property Operating Expenses (or any group of such expenses) on an estimated basis in accordance with the provisions of Paragraph 3.2(a)(iii) above, Landlord shall furnish to Tenant within four months following the end of the applicable calendar or fiscal year, as the case may be, a statement setting forth (i) the amount of such expenses paid or incurred during the just ended calendar or fiscal year, as appropriate, and (ii) the amount that Tenant has paid to Landlord for credit against such expenses for such period. If Tenant shall have paid more than its obligation for such expenses for the stated period, Landlord shall, at its election, either (i) credit the amount of such overpayment toward the next ensuing payment or payments of Additional Rent that would otherwise be due or (ii) refund in cash to Tenant the amount of such overpayment. If such year-end statement shall show that Tenant did not pay its obligation for such expenses in full, then Tenant shall pay to Landlord the amount of such underpayment within thirty (30) days from Landlord's billing of same to Tenant.

3.4 Late Charge, And Interest On Rent In Default. Tenant acknowledges that the late payment by Tenant of any monthly installment of Base Monthly Rent or any Additional Rent will cause Landlord to incur certain costs and expenses not contemplated under this Lease, the exact amounts of which are extremely difficult or impractical to fix. Such costs and expenses will include without limitation, administration and collection costs and processing and accounting expenses. Therefore, if any installment of Base Monthly Rent is not received by Landlord from Tenant within five (5) calendar days after the same becomes due, Tenant shall immediately pay to Landlord a late charge in an amount equal to the amount set forth in Article 1 as the "**Late Charge Amount**," and if any Additional Rent is not

received by Landlord when the same becomes due, Tenant shall immediately pay to Landlord a late charge in an amount equal to 3% of the Additional Rent not so paid. Landlord and Tenant agree that this late charge represents a reasonable estimate of such costs and expenses and is fair compensation to Landlord for the anticipated loss Landlord would suffer by reason of Tenant's failure to make timely payment. Notwithstanding the foregoing, Landlord will waive the Late Charge Amount (a) with respect to the first two (2) late payments of Rent in any calendar year up to three (3) times during the initial Lease Term, and (b) with respect to one (1) additional late payment of Rent during the Extension Period, if applicable, in each case only if such installment of Rent is received by Landlord within three (3) business days after Tenant's receipt of a late notice from Landlord. In no event shall this provision for a late charge be deemed to grant to Tenant a grace period or extension of time within which to pay any rental installment or prevent Landlord from exercising any right or remedy available to Landlord upon Tenant's failure to pay each rental installment due under this Lease when due, including the right to terminate this Lease. If any rent remains delinquent for a period in excess of five (5) calendar days, then, in addition to such late charge, Tenant shall pay to Landlord interest on any rent that is not so paid from said fifth day at the Default Interest Rate until paid.

3.5 **Payment Of Rent**. Except as specifically provided otherwise in this Lease, all rent shall be paid in lawful money of the United States, without any abatement, reduction or offset for any reason whatsoever, to Landlord at such address as Landlord may designate from time to time. Tenant shall be permitted to pay rent via ACH or electronic funds transfer. Tenant's obligation to pay Base Monthly Rent and all Additional Rent shall be appropriately prorated at the commencement and expiration of the Lease Term. The failure by Tenant to pay any Additional Rent as required pursuant to this Lease when due shall be treated the same as a failure by Tenant to pay Base Monthly Rent when due, and Landlord shall have the same rights and remedies against Tenant as Landlord would have had Tenant failed to pay the Base Monthly Rent when due.

3.6 **Prepaid Rent**. Tenant shall, upon execution of this Lease, pay to Landlord the amount set forth in Article 1 as First Month's Prepaid Rent, as prepayment of rent for credit against the first installment of Base Monthly Rent and Additional Rent due hereunder.

3.7 **Security Deposit**.

(a) Tenant shall deposit concurrently with Tenant's execution of this Lease, with Landlord the amount set forth in Article 1 as the "**Security Deposit**" as security for the performance by Tenant of the terms of this Lease to be performed by Tenant, and not as prepayment of rent. Tenant shall have the right to provide a letter of credit in lieu of cash as provided in Paragraph 3.7(c) below. Tenant hereby grants to Landlord a security interest in the Security Deposit, including but not limited to replenishments thereof. Landlord may apply such portion or portions of the Security Deposit as are reasonably necessary for the following purposes: (i) to remedy any default by Tenant beyond any notice or cure period expressly provided for in this Lease, in the payment of Base Monthly Rent or Additional Rent or a late charge or interest on defaulted rent, or any other monetary payment obligation of Tenant under this Lease; (ii) to repair damage to the Leased Premises, the Building or the Common Areas caused or permitted to occur by Tenant and not cured within any applicable notice or cure period expressly provided for in this Lease; (iii) to clean and restore and repair the Leased Premises, the Building or the Common Areas following their surrender to Landlord if not surrendered in the condition required pursuant to the provisions of Article 2, (iv) to remedy any other default of Tenant beyond any notice or cure period expressly provided for in this Lease, including, without limitation, paying in full on Tenant's behalf any sums claimed by materialmen or contractors of Tenant to be owing to them by Tenant for work done or improvements made at Tenant's request to the Leased Premises, and (v) to cover any other expense, loss or damage which Landlord may at any time suffer due to Tenant's default beyond any notice or cure period expressly provided for in this Lease. In this regard, Tenant hereby waives any

restriction on the uses to which the Security Deposit may be applied as contained in Section 1950.7(c) of the California Civil Code and/or any successor statute. In the event the Security Deposit or any portion thereof is so used, Tenant shall pay to Landlord, promptly upon demand, an amount in cash sufficient to restore the Security Deposit to the full original sum. Landlord shall not be deemed a trustee of the Security Deposit. Landlord may use the Security Deposit in Landlord's ordinary business and shall not be required to segregate it from Landlord's general accounts. Tenant shall not be entitled to any interest on the Security Deposit. If Landlord transfers the Building or the Property during the Lease Term, Landlord may pay the Security Deposit to any subsequent owner in conformity with the provisions of Section 1950.7 of the California Civil Code and/or any successor statute, in which event the transferring landlord shall be released from all liability for the return of the Security Deposit upon the written assumption of Landlord's obligations relating to the Security Deposit by such successor. Tenant specifically grants to Landlord (and Tenant hereby waives the provisions of California Civil Code Section 1950.7 to the contrary) a period of ninety-one (91) days following a surrender of the Leased Premises by Tenant to Landlord within which to inspect the Leased Premises, make required restorations and repairs, receive and verify workmen's billings therefor, cure any other defaults, deduct any damages, and prepare a final accounting with respect to the Security Deposit. In no event shall the Security Deposit or any portion thereof, be considered prepaid rent.

(b) Provided that Tenant continues to be a publicly traded company on the NASDAQ exchange, then at such time as Tenant achieves a market capitalization of $5,000,000,000 and provided that Tenant is not then in material default under this Lease, the Security Deposit shall be reduced to $2,217,000.00.

(c) Notwithstanding the foregoing, Tenant may deliver to Landlord a clean, unconditional, irrevocable, transferable, letter of credit in lieu of cash for the Security Deposit (the "**Letter of Credit**") in form and issued by a financial institution ("**Issuer**") satisfactory to Landlord in its sole discretion. Landlord hereby approves Silicon Valley Bank as the Issuer. Tenant hereby waives any right to protest the Issuer's honoring of the Letter of Credit; if Tenant claims Landlord is not entitled to draw on the Letter of Credit, such claim shall be brought against Landlord pursuant to the terms of this Lease not against the Issuer. The Letter of Credit shall permit partial draws, and provide that draws thereunder will be honored upon presentation by Landlord. The Letter of Credit shall have an expiration period of one (1) year but shall automatically renew by its terms unless affirmatively cancelled by either Issuer or Tenant, in which case Issuer must provide Landlord 30 days' prior written notice of such expiration or cancellation. The Letter of Credit shall remain in effect until ninety-one (91) days after the Lease Expiration Date. Any amount drawn under the Letter of Credit and not utilized by Landlord for the purposes permitted by this Lease shall be held in accordance with subparagraph (a) of this Paragraph 3.7. If the Tenant fails to renew or replace the Letter of Credit as required under this Lease at least thirty (30) days before its stated expiration date, Landlord may draw upon the entire amount of the Letter of Credit. In the event Landlord assigns this Lease and transfers the Letter of Credit to the assignee, Landlord agrees to pay the Issuer's standard transfer fee (not in excess of $30,000) applicable to the Letter of Credit if charged by the Issuer.

ARTICLE 4
USE OF LEASED PREMISES AND COMMON AREA

4.1 **Permitted Use**. Tenant shall be entitled to use the Leased Premises on a 24/7/365 basis solely for the "Permitted Use" as set forth in Article 1 and for no other purpose whatsoever. Tenant shall have the right to vacate the Leased Premises at any time during the Term of this Lease, provided Tenant maintains the Leased Premises in the same condition as if fully occupied and as otherwise required by the terms of this Lease. Tenant shall have the right to use the Common Areas in conjunction with its Permitted Use of the Leased Premises.

4.2 **General Limitations On Use**. Tenant shall not do or permit anything to be done by any Tenant Parties in or about the Leased Premises, Building 3, the Common Areas or the Property which does or could (i) jeopardize the structural integrity of Building 3 or (ii) cause damage to any part of the Leased Premises, Building 3, the Common Areas or the Property. Tenant shall not operate any equipment within the Leased Premises which does or could (A) injure, vibrate or shake the Leased Premises or Building 3, (B) damage, overload or impair the efficient operation of any electrical, plumbing, and HVAC systems within or servicing the Leased Premises or Building 3, or (C) damage or impair the efficient operation of the sprinkler system (if any) within or servicing the Leased Premises or Building 3. Tenant shall not install any equipment or antennas on or make any penetrations of the exterior walls or roof except as provided in Paragraph 4.14 below. Tenant shall not affix any equipment to or make any penetrations or cuts in the floor, ceiling, walls or roof of the Leased Premises. Tenant shall not place any loads upon the floors, walls, ceiling or roof systems which could endanger the structural integrity of Building 3 or damage its floors, foundations or supporting structural components. Tenant shall not place any explosive, flammable or harmful fluids or other waste materials in the drainage systems of the Leased Premises, Building 3, the Common Areas or the Property. Tenant shall not drain or discharge any fluids in the landscaped areas or across the paved areas of the Property in violation of any Laws. Tenant shall not use any of the Common Areas for the storage of its materials, supplies, inventory or equipment and all such materials, supplies, inventory or equipment shall at all times be stored within the Leased Premises (or in covered structures in the Exclusive Use Common Areas if permitted by Laws). Tenant shall not commit nor permit to be committed by any of its employees, agents, vendors, invitees, guests, permittees, assignees, sublessees, or contractors (the "**Tenant Parties**"), any waste in or about the Leased Premises, Building 3, the Common Areas or the Property.

4.3 **Noise And Emissions**. All noise generated by Tenant in its use of the Leased Premises or the Common Areas shall be confined or muffled so that it does not interfere with the businesses of or annoy the occupants and/or users of adjacent properties. All dust, fumes, odors and other emissions generated by Tenant's use of the Leased Premises shall be sufficiently dissipated in accordance with sound environmental practice and exhausted from the Leased Premises in such a manner so as not to interfere with the businesses of or annoy the occupants and/or users of adjacent properties, or cause any damage to the Leased Premises, Building 3, the Common Areas or the Property or any component part thereof or the property of adjacent property owners.

4.4 **Trash Disposal**. Tenant shall provide trash bins or other adequate garbage disposal facilities within the trash enclosure areas provided or permitted by Landlord outside the Leased Premises sufficient for the interim disposal of all of its trash, garbage and waste. All such trash, garbage and waste temporarily stored in such areas shall be stored in such a manner so that it is not visible from outside of such areas, and Tenant shall cause such trash, garbage and waste to be regularly removed from the Property. Tenant shall keep the Leased Premises in a clean, safe and neat condition free and shall keep the Leased Premises and the Common Areas clear of all of Tenant's trash, garbage, waste and/or boxes, pallets and containers containing same at all times (provided that the same may be kept in covered structures in the Exclusive Use Common Areas if permitted by Laws).

4.5 **Parking**. Tenant shall not, at any time, park or permit to be parked any recreational vehicles, inoperative vehicles or equipment in the Building 3 underground parking garage or the Common Areas, or on any portion of the Property. Tenant agrees to assume responsibility for compliance by the Tenant Parties with the parking provisions contained herein. If Tenant or any of the Tenant Parties park any vehicle within the Property in violation of these provisions, then Landlord may, upon prior written notice to Tenant giving Tenant one (1) day (or any applicable statutory notice period, if longer than one (1) day) to remove such vehicle(s), in addition to any other remedies Landlord may have under this Lease, cause such vehicle to be towed and stored off the Property at Tenant's sole cost and expense. Tenant agrees to assume responsibility for compliance by the Tenant Parties with the parking provisions

contained herein. Landlord reserves the right to grant easements and access rights to others for use of the parking areas on the Property, and to designate specific parking areas, other than those located in the subterranean parking garage below Building 3, for particular tenants of the Property, provided that such grants do not materially interfere with Tenant's use of the parking areas.

4.6 Signs. (a) Landlord will, at Landlord's sole cost, install commercially reasonable locational and directional signage for the Property. Except as provided in the following paragraph, Tenant shall not place or install on or within any portion of the Leased Premises, the exterior of Building 3, the Common Areas or the Property any sign, advertisement, banner, placard, or picture which is visible from the exterior of the Leased Premises or Building. Except as provided in the following paragraph, Tenant shall not place or install on or within any portion of the Leased Premises, the exterior of Building 3, the Common Areas or the Property any business identification sign which is visible from the exterior of the Leased Premises or Building until Landlord shall have approved in writing and in its reasonable discretion the location, size, content, design, method of attachment and material to be used in the making of such sign; *provided*, *however*, that so long as such signs are normal and customary business directional or identification signs within Building 3, Tenant shall not be required to obtain Landlord's approval. Any sign, once approved by Landlord, shall be installed at Tenant's sole cost and expense and only in strict compliance with Landlord's approval and any applicable Laws and Restrictions, using a person approved by Landlord to install same. Landlord may remove any signs (which have not been approved in writing by Landlord), advertisements, banners, placards or pictures so placed by Tenant on or within the Leased Premises, the exterior of Building 3, the Common Areas or the Property and charge to Tenant the cost of such removal, together with any costs incurred by Landlord to repair any damage caused thereby, including any cost incurred to restore the surface (upon which such sign was so affixed) to its original condition.

(b) Tenant acknowledges that signage is prohibited on the exterior of the Building. Subject to the terms of this Paragraph 4.6 and applicable Laws and Restrictions, and subject to the rights of the tenants of Building 2 to signage in the top-most position on the monument signs constructed for the Property, Tenant shall be entitled to install its name on the monument signage provided for the Property and to stencil its name on the entrance doors to the Leased Premises (collectively, "**Tenant's Pre-Approved Signage**"). Tenant's Pre-Approved Signage (including, without limitation, the size, design, colors and material thereof) shall not be installed without Tenant having first obtained the written approval of Landlord and any approval required by Ground Lessor and/or the City of Palo Alto. Tenant's Pre-Approved Signage shall be subject each of the following conditions:

(i) Tenant's Pre-Approved Signage shall be designed, maintained and installed in accordance with all applicable laws, rules and regulations.

(ii) Tenant may not change Tenant's Pre-Approved Signage without the reasonable prior written consent of Landlord.

(iii) All approvals and permits required to be obtained for the installation and maintenance of Tenant's Pre-Approved Signage shall be obtained and maintained at Tenant's sole cost and expense.

(iv) Tenant's Pre-Approved Signage will be constructed, installed and maintained at Tenant's sole cost and expense.

(v) Tenant shall install, operate, insure, maintain, repair and replace Tenant's Pre-Approved Signage (and the lighting therefor, if any) at Tenant's sole cost and expense subject to applicable code and such reasonable rules and regulations as Landlord

may require, including, without limitation, Building 3's construction rules and regulations.

Tenant must remove Tenant's Pre-Approved Signage at Tenant's sole cost and expense upon the earliest to occur of (i) any termination of this Lease or (ii) the expiration of the Term. Upon such removal by Tenant, Tenant shall fully repair and restore the area where Tenant's Pre-Approved Signage was installed and located. If Tenant does not remove all of Tenant's Pre-Approved Signage as and when required under the terms of the Lease, Landlord may remove it and perform such restoration, repair and replacement, and Tenant shall reimburse Landlord for Landlord's costs and expenses of such removal restoration and replacement within thirty (30) days of demand.

The signage rights provided in this Paragraph 4.6 hereof are personal to the original Tenant named herein (Kodiak Sciences Inc.), except that Tenant's signage rights hereunder may be transferred (in whole but not in part) in connection with a transfer of this Lease permitted (or approved in writing by Landlord) under Paragraph 7.2(b) above.

4.7 Compliance With Laws And Restrictions. Subject to Paragraph 6.3 below, Tenant shall abide by and shall promptly observe and comply with, at its sole cost and expense, all Laws and Restrictions respecting the use and occupancy of the Leased Premises, the Building, the Common Areas, or the Property, and all Laws governing the use and/or disposal of hazardous materials, and shall defend with competent counsel, indemnify and hold Landlord harmless from any claims, damages or liability resulting from Tenant's failure to so abide, observe, or comply. Tenant's obligations hereunder shall survive the expiration or sooner termination of this Lease.

4.8 Compliance With Insurance Requirements. With respect to any insurance policies required or permitted to be carried by Landlord in accordance with the provisions of this Lease, Tenant shall not conduct nor permit any Tenant Parties to conduct any activities nor keep, store or use (or allow any other person to keep, store or use) any item or thing within the Leased Premises, Building 3, the Common Areas or the Property which (i) is prohibited under the terms of any such policies, (ii) could result in the termination of the coverage afforded under any of such policies, (iii) could give to the insurance carrier the right to cancel any of such policies, or (iv) would cause an increase in the rates (over standard rates) charged for the coverage afforded under any of such policies. Landlord represents and warrants to Tenant that Tenant's use of the Leased Premises for the Permitted Use is not prohibited under any of such policies or to Landlord's knowledge would give the insurance carrier the right to cancel any of such policies. Tenant shall comply with all requirements of any insurance company, insurance underwriter, or Board of Fire Underwriters which are necessary to maintain, at standard rates, the insurance coverages carried by either Landlord or Tenant pursuant to this Lease.

4.9 Landlord's Right To Enter. Landlord and its agents shall have the right to enter the Leased Premises during normal business hours after giving Tenant reasonable notice and subject to Tenant's reasonable security measures for the purpose of (i) inspecting the same; (ii) showing the Leased Premises to prospective purchasers, mortgagees or during the last nine (9) months of the Lease Term (as extended, if applicable) or during any period that Tenant is in monetary or material non-monetary default beyond the applicable cure period, if any, expressly set forth in this Lease, tenants; (iii) making necessary repairs; and (iv) performing any of Tenant's obligations when Tenant has failed to do so. Landlord shall have the right to enter the Leased Premises during normal business hours (or as otherwise agreed), subject to Tenant's reasonable security measures, for purposes of supplying any maintenance or services agreed to be supplied by Landlord. Landlord shall have the right to enter the Common Areas during normal business hours for purposes of (i) inspecting the exterior of Building 3 and the Common Areas; (ii) posting notices of nonresponsibility (and for such purposes Tenant shall provide Landlord at least thirty days' prior written notice of any work to be performed on the Leased Premises as well as notice within

one (1) day after the commencement of such work); and (iii) supplying any services to be provided by Landlord. Any entry into the Leased Premises or the Common Areas obtained by Landlord in accordance with this paragraph shall not under any circumstances be construed or deemed to be a forcible or unlawful entry into, or a detainer of, the Leased Premises, or an eviction, actual or constructive of Tenant from the Leased Premises or any portion thereof.

Tenant shall be permitted to maintain "**Secured Areas**" (defined herein to mean certain secure compartmentalized facilities, special access areas and limited access areas as designated by Tenant to Landlord from time to time in advance) within the Leased Premises, comprising in the aggregate no more than ten percent (10%) of the rentable square footage of the Leased Premises, in which case Landlord shall follow Tenant's access protocols as to such Secured Areas and shall not enter such Secured Areas without being accompanied by a representative of Tenant.

4.10 **Use Of Common Areas**. Tenant, in its use of the Common Areas, shall at all times keep the Common Areas free and clear of all of Tenant's and the Tenant Parties' materials, equipment, debris, trash (except within existing enclosed trash areas), inoperable vehicles, and other items which are not specifically permitted by Landlord to be stored or located thereon by Tenant. If, in the opinion of Landlord, unauthorized persons are using any of the Common Areas by reason of, or under claim of, the express or implied authority or consent of Tenant, then Tenant, upon demand of Landlord, shall restrain, to the fullest extent then allowed by Law, such unauthorized use, and shall initiate such appropriate proceedings as may be required to so restrain such use. Landlord reserves the right to grant easements and access rights to others for use of the Common Areas other than the subterranean parking areas below Building 3, and shall not be liable to Tenant for any diminution in Tenant's right to use the Common Areas as a result, provided that Tenant's access to the Leased Premises is not materially adversely affected and the number of parking spaces available for Tenant's exclusive or non-exclusive use at the Property is not reduced thereby.

4.11 **Environmental Protection**. Tenant's obligations under this Paragraph 4.11 shall survive the expiration or termination of this Lease.

(a) As used herein, the term "**Hazardous Materials**" shall mean any toxic or hazardous substance, material or waste or any pollutant or infectious or radioactive material, including but not limited to those substances, materials or wastes regulated now or in the future under any of the following statutes or regulations and any and all of those substances included within the definitions of "hazardous substances," "hazardous materials," "hazardous waste," "hazardous chemical substance or mixture," "imminently hazardous chemical substance or mixture," "toxic substances," "hazardous air pollutant," "toxic pollutant," or "solid waste" in the (a) Comprehensive Environmental Response, Compensation and Liability Act of 1990 ("CERCLA" or "Superfund"), as amended by the Superfund Amendments and Reauthorization Act of 1986 ("SARA"), 42 U.S.C. § 9601 *et seq*., (b) Resource Conservation and Recovery Act of 1976 ("RCRA"), 42 U.S.C. § 6901 *et seq*., (c) Federal Water Pollution Control Act ("FSPCA"), 33 U.S.C. § 1251 *et seq*., (d) Clean Air Act ("CAA"), 42 U.S.C. § 7401 *et seq*., (e) Toxic Substances Control Act ("TSCA"), 14 U.S.C. § 2601 *et seq*., (f) Hazardous Materials Transportation Act, 49 U.S.C. § 1801, *et seq*., (g) Carpenter-Presley-Tanner Hazardous Substance Account Act ("California Superfund"), Cal. Health & Safety Code § 25300 *et seq*., (h) California Hazardous Waste Control Act, Cal. Health & Safety code § 25100 *et seq*., (i) Porter-Cologne Water Quality Control Act ("Porter-Cologne Act"), Cal. Water Code § 13000 *et seq*., (j) Hazardous Waste Disposal Land Use Law, Cal. Health & Safety codes § 25220 *et seq*., (k) Safe Drinking Water and Toxic Enforcement Act of 1986 ("Proposition 65"), Cal. Health & Safety code § 25249.5 *et seq*., (l) Hazardous Substances Underground Storage Tank Law, Cal. Health & Safety code § 25280 *et seq*., (m) Air Resources Law, Cal. Health & Safety Code § 39000 *et seq*., and (n) regulations promulgated pursuant to said laws or any replacement thereof, or as similar terms are defined in the federal, state and local laws,

statutes, regulations, orders or rules. Hazardous Materials shall also mean any and all other biohazardous wastes and substances, materials and wastes which are, or in the future become, regulated under applicable Laws for the protection of health or the environment, or which are classified as hazardous or toxic substances, materials or wastes, pollutants or contaminants, as defined, listed or regulated by any federal, state or local law, regulation or order or by common law decision, including, without limitation, (i) trichloroethylene, tetrachloroethylene, perchloroethylene and other chlorinated solvents, (ii) any petroleum products or fractions thereof, (iii) asbestos, (iv) polychlorinated biphenyls, (v) flammable explosives, (vi) urea formaldehyde, (vii) radioactive materials and waste, and (viii) materials and wastes that are harmful to or may threaten human health, ecology or the environment.

(b) Notwithstanding anything to the contrary in this Lease, subject to paragraph 4.11(f) below, Tenant, at its sole cost, shall comply with, and shall cause the Tenant Parties to comply with, all Laws relating to the storage, use and disposal of Hazardous Materials at the Property; *provided, however*, that Tenant shall not be responsible for contamination of the Leased Premises and/or the Building, the Property (including the parking garage) by Hazardous Materials existing as of the date the Leased Premises are delivered to Tenant (whether before or after the Lease Commencement Date) excepting only contamination caused by Tenant or the Tenant Parties. Tenant shall not store, use or dispose of any Hazardous Materials except for those Hazardous Materials listed in a Hazardous Materials management plan ("**HMMP**") which Tenant shall deliver to Landlord upon execution of this Lease and update at least annually with Landlord ("**Permitted Materials**"), which may be used, stored and disposed of provided (i) such Permitted Materials are used, stored, transported, and disposed of in strict compliance with applicable laws, (ii) such Permitted Materials shall be limited to the materials listed on and may be used only in the quantities specified in the HMMP, and (iii) Tenant shall provide Landlord with copies of all material safety data sheets and other documentation required under applicable Laws in connection with Tenant's use of Permitted Materials as and when such documentation is provided to any regulatory authority having jurisdiction. In no event shall Tenant or any of the Tenant Parties cause or permit to be discharged into the plumbing or sewage system of the Building or onto the land underlying or adjacent to the Building any Hazardous Materials. Tenant shall be solely responsible for and shall defend, indemnify, and hold Landlord and its agents harmless from and against all claims, costs and liabilities, including attorneys' fees and costs, arising out of or in connection with Tenant's storage, use and/or disposal of Hazardous Materials. If the presence of Hazardous Materials on the Leased Premises caused by Tenant or any of the Tenant Parties results in contamination or deterioration of water or soil, then Tenant shall promptly take any and all action necessary to clean up such contamination, but the foregoing shall in no event be deemed to constitute permission by Landlord to allow the presence of such Hazardous Materials. Tenant shall further be solely responsible for, and shall defend, indemnify, and hold Landlord and its agents harmless from and against all claims, costs and liabilities, including reasonable attorneys' fees and costs, arising out of or in connection with any removal, cleanup and restoration work and materials required hereunder to return the Leased Premises and any other property of whatever nature to their condition existing prior to the appearance of the Hazardous Materials, to the extent such Hazardous Materials were introduced to the Property by Tenant or any of the Tenant Parties.

(c) Upon termination or expiration of the Lease Term, Tenant at its sole expense shall cause all Hazardous Materials placed in or about the Leased Premises, the Building and/or the Property by Tenant or any of the Tenant Parties, and all installations (whether interior or exterior) made by or on behalf of Tenant or any of the Tenant Parties relating to the storage, use, disposal or transportation of Hazardous Materials to be removed from the property and transported for use, storage or disposal in accordance and compliance with all Laws and other requirements respecting Hazardous Materials used or permitted to be used by Tenant. Tenant shall apply for and shall obtain from all appropriate regulatory authorities (including any applicable fire department or regional water quality control board) all permits, approvals and clearances necessary for the closure of the Property and shall take all other actions as may be required to complete the closure of the Building, the Property. In

addition, if Landlord reasonably believes that Tenant has caused or permitted contamination of the Leased Premises or Property, then at Landlord's request, prior to vacating the Leased Premises, Tenant shall undertake and submit to Landlord an environmental site assessment from an environmental consulting company reasonably acceptable to Landlord which site assessment shall evidence Tenant's compliance with this Paragraph 4.11.

(d) At any time prior to expiration of the Lease Term, subject to reasonable prior notice (not less than forty-eight (48) hours) and Tenant's reasonable security requirements and provided such activities do not unreasonably interfere with the conduct of Tenant's business at the Leased Premises, Landlord shall have the right to enter in and upon the Property, Building and Leased Premises in order to conduct appropriate tests of water and soil to determine whether levels of any Hazardous Materials in excess of legally permissible levels has occurred as a result of Tenant's use thereof. Landlord shall furnish copies of all such test results and reports to Tenant and, at Tenant's option and cost, shall permit split sampling for testing and analysis by Tenant. Such testing shall be at Tenant's expense if Landlord has a reasonable basis for suspecting and confirms the presence of Hazardous Materials in the soil or surface or ground water in, on, under, or about the Property, the Building or the Leased Premises, which has been caused by or resulted from the activities of Tenant or any of the Tenant Parties.

(e) Landlord may voluntarily cooperate in a reasonable manner with the efforts of all governmental agencies in reducing actual or potential environmental damage. Tenant shall not be entitled to terminate this Lease or to any reduction in or abatement of rent by reason of such voluntary cooperation so long as such efforts do not adversely affect Tenant's rights or increase Tenant's obligations pursuant to this Lease, reduce the number of parking spaces available to Tenant hereunder, increase any expenses incurred by Tenant in any material respect or restrict Tenant's access to and egress from the Leased Premises, nor for any required compliance.

(f) Landlord represents and warrants to Tenant that to Landlord's actual knowledge based solely on that certain "Phase 1 Environmental Site Assessment – Final" for the Property dated May 10, 2013, prepared by WSP USA Corp., a copy of which has been delivered to and reviewed by Tenant (the "**Phase 1**"), as of the Lease Commencement Date, except as otherwise disclosed by the Phase 1, there are no Hazardous Materials on or about the Leased Premises, Building or Property in violation of Laws. If any remediation work is required by governmental authorities based on any release of Hazardous Materials occurring prior to the Lease Commencement Date which was not caused by Tenant or any of the Tenant Parties, Landlord shall cause such work to be performed by Landlord at Landlord's sole cost and expense and the same shall not constitute a Property Operating Expense.

4.12 Rules And Regulations. Landlord shall have the right from time to time to establish reasonable rules and regulations and/or amendments or additions thereto respecting the use of Building 1 and the Common Areas for the care and orderly management of the Property; provided the same do not materially increase Tenant's obligations or materially decrease Tenant's rights hereunder. Within 30 days of delivery to Tenant of a copy of such rules and regulations or any amendments or additions thereto, Tenant shall comply with such rules and regulations. If there is a conflict between the rules and regulations and any of the provisions of this Lease, the provisions of this Lease shall prevail. Landlord shall make good faith efforts to uniformly enforce such rules and regulations, if failure to enforce the same with respect to other tenants would materially and adversely affect Tenant's use of and access to the Leased Premises, and Landlord shall not be responsible or liable to Tenant for the violation of such rules and regulations by any other tenant of the Property. Notwithstanding anything to the contrary contained herein, Tenant shall not be required to comply with any rules or regulations adopted after the execution of this Lease which either materially increases Tenant's obligations or materially decreases Tenant's rights under this Lease in either case.

4.13 Reservations. Landlord reserves the right from time to time to grant, without the consent or joinder of Tenant, such easements, rights of way and dedications, other than in the subterranean parking area below Building 3, that Landlord deems necessary, and to cause the recordation of parcel maps and restrictions, and Tenant agrees that if elected by Landlord, this Lease shall be subordinate thereto, so long as such easements, rights of way and dedications do not unreasonably interfere with the use of the Leased Premises by Tenant.

4.14 Roof. Notwithstanding any provision of this Lease to the contrary, Landlord hereby reserves to itself and its designees all rights of access, use and occupancy of the Building 3 roof necessary for Landlord's maintenance and repair thereof, and Tenant shall have no right of access, use or occupancy of the Building 3 roof except (if at all) to the extent provided in this Paragraph 4.14 or as otherwise required in order to enable Tenant to perform Tenant's maintenance and repair obligations pursuant to this Lease. Subject to Tenant's restoration and repair obligations under Paragraph 2.6, Tenant at its sole cost and expense shall have the right to install on the roof of Building 3, satellite dishes, television antennas, supplemental HVAC equipment, solar panels, and related receiving equipment, related cable connections and any and all other related equipment (collectively, "**Rooftop Equipment**") required in connection with Tenant's communications and data transmission network, in an area to be designated by Landlord, provided such installation does not impact the structural integrity of Building 3 nor void or negatively impact any applicable warranties. Tenant shall supply Landlord with detailed plans and specifications of the Rooftop Equipment prior to the installation thereof for Landlord's review and approval. Furthermore, Tenant shall have secured Landlord's approval and the approval of all governmental authorities and all permits required by governmental authorities having jurisdiction over such approvals and permits for the Rooftop Equipment, and shall provide copies of such approvals and permits to Landlord prior to commencing any work with respect to such Rooftop Equipment. Tenant shall pay for any and all costs and expenses in connection with, and shall repair all damage to the roof resulting from, the installation, maintenance, use and removal of the Rooftop Equipment.

4.15 Compliance with Ground Lease; Ground Lessor's Consent to Sublease. Tenant's occupancy of the Leased Premises is subject to the requirements of the Ground Lease. Tenant shall not conduct any activities which would constitute a breach of the Ground Lease. Whenever in this Lease the consent or approval of Landlord or a governmental agency is required, the consent of Ground Lessor shall also be deemed required if and to the extent Ground Lessor's consent is required under the Ground Lease, and there shall be no "deemed consent" of Ground Lessor under this Lease. This Lease and the parties' obligations hereunder are subject to the receipt of the consent of the Ground Lessor within fifteen (15) days after the Effective Date of this Lease. After full execution of this Lease by Landlord and Tenant, Landlord will promptly provide a fully executed copy to Ground Lessor and seek Ground Lessor's consent hereto. Tenant (a) acknowledges that as a condition to obtaining such consent, Tenant will be required to release Ground Lessor with respect to the environmental condition of the Property by signing such consent, which will contain a release substantially in the form of **Exhibit D** attached hereto, and (b) agrees to so release Ground Lessor. If there is a conflict between the requirements of the Ground Lease and of this Lease such that compliance with this Lease would result in a breach of the Ground Lease or compliance with the Ground Lease would result in a breach of this Lease, the Ground Lease shall be controlling; otherwise Tenant shall comply with the provisions of both this Lease and the Ground Lease. Landlord represents, warrants and covenants to Tenant that: (i) a true and complete copy of the Ground Lease is attached hereto as **Schedule 2**, (ii) Landlord shall not amend the Ground Lease in any manner that would adversely affect Tenant's rights or increase Tenant's liabilities under this Lease in any material respect, (iii) the uses which may be made of the Leased Premises are set forth in and/or limited by Paragraph 3 of the Ground Lease, and (iv) Landlord shall not terminate the Ground Lease during the Term of this Lease.

ARTICLE 5
REPAIRS, MAINTENANCE, SERVICES AND UTILITIES

5.1 Repair And Maintenance. Except in the case of damage to or destruction of the Leased Premises, Building 3, the Common Areas or the Property caused by an act of God or other peril, in which case the provisions of Article 10 shall control, the parties shall have the following obligations and responsibilities with respect to the repair and maintenance of the Leased Premises, Building 3, the Common Areas, and the Property.

(a) **Tenant's Obligations**.

(i) Except to the extent a Landlord responsibility pursuant to Paragraph 5.1(b) below, Tenant shall, at all times during the Lease Term and at its sole cost and expense, regularly clean and continuously keep and maintain in good order, condition and repair the following components of the Leased Premises: (A) all interior walls, floors and ceilings, (B) all windows, doors and skylights, (C) all electrical wiring, conduits, connectors and fixtures, (D) all lighting fixtures, bulbs and lamps, (E) all building systems, and (F) all entranceways to the Leased Premises. Tenant shall, at its sole cost and expense, repair all damage to the Leased Premises, Building 3, the Common Areas or the Property caused by the activities of Tenant or any of the Tenant Parties within a reasonable period of time (not to exceed thirty (30) days or such longer time period as is reasonably necessary, so long as Tenant commences the cure within such thirty (30) day period and thereafter diligently completes the same) following written notice from Landlord to so repair such damages. If Tenant shall fail to perform the required maintenance or fail to make repairs required of it pursuant to this paragraph within a reasonable period of time following notice from Landlord to do so, then Landlord may, at its election and without waiving any other remedy it may otherwise have under this Lease or at law, perform such maintenance or make such repairs and charge to Tenant, as Additional Rent, the costs so incurred by Landlord for same. All interior glass within the Leased Premises is at the sole risk of Tenant and any broken glass shall promptly be replaced by Tenant at Tenant's expense with glass of the same kind, size and quality. With respect to the items for which Tenant is responsible described in this Paragraph 5.1(a), Landlord agrees to assign to Tenant on a non-exclusive basis any applicable warranties in favor of Landlord or its affiliates. To the extent any such warranties are not assignable, Landlord agrees to enforce such warranties for Tenant's benefit.

(ii) In the event that Tenant reasonably determines that any item under Paragraph 5.1(a)(i) above: (i) is capital in nature (pursuant to GAAP), (ii)(A) was provided by Landlord as part of the Base Building Work, or (B) is required to be modified, upgraded or replaced by a change in Laws after the Lease Commencement Date, which work is required to be performed by Laws at the Property generally as a whole and is not specific only to the Leased Premises due to the unique or specialized nature of the Tenant Improvements or Tenant's unique or specific use of the Leased Premises (a "**Legally Required General Capital Replacement**"), and (iii) Tenant is responsible for maintaining and/or repairing under this Lease, needs to be replaced, Tenant shall be permitted to make such replacement (any such replacement, a "**Capital Replacement**") at its sole cost and expense, subject to the terms, conditions and provisions of this Paragraph 5.1(a)(ii). For avoidance of doubt, this Paragraph 5.1(a)(ii) shall not apply to replacement of capital items required to be maintained by Tenant under this Lease that were not part of the Base Building Work or which are not Legally Required General Capital Replacements (which items shall, if necessary, be replaced by Tenant at Tenant's sole cost and expense). This Paragraph 5.1(a)(ii) shall not require Landlord to replace (or pay for the replacement of) any capital items in the last year of the Lease Term (as may be extended by Tenant's exercise of an Option in accordance with Article 15), the cost of which exceed One Hundred Thousand Dollars ($100,000) per Capital Replacement or Four Hundred Thousand Dollars ($400,000) in the aggregate for the year; provided that the foregoing limitation on Capital Replacements during the last year of the Lease Term will not apply to any Legally Required General Capital Replacement which involves an element of

the Leased Premises which will remain in the Leased Premises after the expiration of the Lease and is likely to be usable by any successor occupant of the Leased Premises.

(iii) In the event that Tenant desires to make a Capital Replacement, Tenant shall deliver written notice to Landlord (a "**Capital Replacement Notice**") requesting Landlord's approval of such Capital Replacement, which Capital Replacement Notice shall include reasonably detailed information from Tenant's third-party consultant supporting its determination of the necessity of the Capital Replacement. Upon receipt of a Capital Replacement Notice, Landlord shall have the option to agree or to cause Landlord's consultant to inspect the item in question; provided that any such election must be made within ten (10) business days after receipt of a Capital Replacement Notice.

(iv) If Landlord's consultant determines that the proposed Capital Replacement is not necessary and can be repaired instead of replaced, then Tenant shall not be permitted to proceed with the Capital Replacement (except as set forth below) and shall repair and continue to maintain the item in question pursuant to the terms, conditions and provisions of this Lease; provided, however, that if Tenant's consultant objects to such determination by Landlord's consultant within ten (10) business days after Tenant's receipt of such determination, then Landlord's consultant and Tenant's consultant shall select an independent consultant to review the matter within ten (10) business days after Landlord's receipt of Tenant's objection, and within five (5) business days of appointment, such independent consultant shall determine whether the Capital Replacement is necessary and such determination shall be final and binding on Landlord and Tenant for purposes of this Section (with the cost of such independent consultant to be shared equally by Landlord and Tenant). If Landlord (under Paragraph 5.1(a)(iii)) or Landlord's consultant (under this Paragraph 5.1(a)(iv)) agrees (or the independent consultant determines) that the proposed Capital Replacement is necessary, then Tenant shall deliver to Landlord for Landlord's approval the estimated cost and budget of such Capital Replacement, which approval may not be unreasonably withheld by Landlord. Landlord may obligate Tenant to bid such Capital Replacement work to three (3) contractors acceptable to Landlord and Tenant, and Tenant agrees to hire the contractor submitting the lowest qualified bid, unless Landlord and Tenant agree otherwise (or Tenant agrees to pay 100% of the cost difference between the lowest bid and Tenant's selected bid). Once the estimated cost and budget for such Capital Replacement is approved by Landlord, Tenant may proceed with the Capital Replacement; provided that such Capital Replacement shall be completed as an Alteration under this Lease and shall comply with all of the terms, conditions and provisions of Paragraph 6.1 (provided, further, that in no event shall any Capital Replacement be considered a Non-Consent Alteration (regardless of the dollar value of such Capital Replacement)). Notwithstanding anything to the contrary contained herein, Tenant may elect to proceed with a Capital Replacement at its sole cost and risk in the event there is a dispute as to the necessity of such Capital Replacement. In the event Tenant elects to proceed with a Capital Replacement during resolution of such dispute as set forth above, such Capital Replacement shall be completed at Tenant's cost as an Alteration under this Lease and shall comply with all of the terms, conditions and provisions of Article 6 and Landlord's reasonable prior approval of the budget and contractor will be obtained in accordance with this Paragraph 5.1(a). Upon completion of the dispute resolution process, if it is determined that the Capital Replacement was required, Landlord will disburse any amount owed to Tenant hereunder within the time periods set forth herein as if completion of the Capital Replacement occurred on the date of final resolution of the dispute process. Nothing in this Paragraph 5.1(a) shall be deemed to limit Tenant's ability to make any Capital Replacements at its sole cost and expense, subject to Tenant's compliance with Article 6 and the terms of this Lease.

(v) On or before the date (the "**Reimbursement Date**") that is the later to occur of (a) Tenant's completion of any Capital Replacement made by Tenant and for which Landlord is obligated to contribute in accordance with the terms, conditions and provisions of this Paragraph 5.1(a), and (b) thirty (30) days after Landlord's receipt from Tenant of the documentation (as it relates to the

Capital Replacement) required under subparagraphs (A), (B) and (D) of Paragraph 3(b)(i) of the Work Letter, Landlord shall reimburse Tenant for Landlord's Capital Contribution (as defined below) with respect to any Capital Replacement made by Tenant in accordance with the terms, conditions and provisions of this Paragraph 5.1(a), less any sums owed Landlord by reason of a default under the Lease by Tenant. "**Landlord's Capital Contribution**" shall equal a portion of the unamortized costs (on a straight-line basis) of the Capital Replacement, which portion shall be equal to a fraction, the numerator of which shall be the remaining number of calendar months ("**Landlord's Portion**") of the useful life of the Capital Replacement (as reasonably determined by Landlord in accordance with GAAP) after the expiration date of the Lease Term (as extended by any Option to extend the Lease Term that has been, or is subsequently, exercised by Tenant), and the denominator of which is the total number of calendar months of the useful life of such Capital Replacement (as determined by Landlord). In the event that Landlord reimburses Tenant for Landlord's Capital Contribution and Tenant subsequently exercises an Option to extend the Lease Term or the Lease Term is otherwise subsequently extended, Tenant shall promptly refund Landlord the portion of such Landlord's Capital Contribution relating to the Option term or the extended Lease Term to the extent that the useful life of such Capital Replacement extends into such Option term or extended Lease Term.

(vi) Notwithstanding anything to the contrary in this Section, Landlord shall not reimburse Tenant for the cost of any Capital Replacement arising from (A) the negligent acts or omissions of Tenant or a Tenant Party, (B) any Alterations or additions to the Leased Premises made by Tenant, or (C) Tenant's failure to comply with any Tenant obligations under this Lease to repair or maintain.

(vii) Tenant agrees to obtain and maintain the then-customary warranty, if any, for any Capital Replacement. At the end of the Lease Term, Tenant shall assign, without recourse, any remaining warranties for any Capital Replacements to Landlord, to the extent assignable.

(b) **Landlord's Obligation**. Landlord shall, at all times during the Lease Term, maintain in good condition and repair the Common Areas and the foundation, footings, slabs, roof structure and membrane, structural and load-bearing and exterior walls of Building 3, elevators, plumbing, pipes, sinks, toilets, faucets and drains, and HVAC equipment. The provisions of this subparagraph (b) shall in no way limit the right of Landlord to charge to Tenant, as Additional Rent pursuant to Article 3 (to the extent not prohibited pursuant to Article 3), the costs incurred by Landlord in performing such maintenance and/or making such repairs. If as a part of Landlord's obligations under this Paragraph 5.1(b), Landlord is responsible for any individual repair or replacement which is estimated to cost in excess of $10,000 and would typically be capitalized under GAAP, Landlord shall perform such capital repair or replacement and the costs incurred by Landlord with respect thereto (the "**Capital Costs**") shall be amortized without interest over the useful life of such improvement as reasonably determined in accordance with GAAP, and Landlord shall notify Tenant in writing of the monthly amortization payment ("**Notice of Amortized Capital Costs Amount**") required to so amortize such costs, and shall also provide Tenant with reasonable backup documentation (including calculation of the amortized amount) upon which such determination is made in the Notice of Amortized Capital Costs Amount. Landlord shall also promptly provide Tenant with any additional information regarding such amortized costs which are reasonably requested. Tenant shall pay at the same time the Base Monthly Rent is due an amount equal to such monthly amortization payment for each month after such improvements are completed until the first to occur of (i) the expiration of the Lease Term (as the same may be extended pursuant to Article 15 below or otherwise), or (ii) the end of the term over which such costs were amortized.

5.2 Utilities. Tenant shall arrange at its sole cost and expense and in its own name, for the supply of gas, water, and electricity to the Leased Premises. In the event that such services are not

separately metered, Tenant shall, at its sole expense, cause such meters to be installed. Tenant shall be responsible for determining if the local supplier of water, gas and electricity can supply the needs of Tenant and whether or not the existing water, gas and electrical distribution systems within Building 3 and the Leased Premises are adequate for Tenant's needs. Tenant shall be responsible for determining if the existing sanitary and storm sewer systems now servicing the Leased Premises and the Property are adequate for Tenant's needs. Tenant shall pay all charges for water, gas, electricity and storm and sanitary sewer services as so supplied to the Leased Premises, irrespective of whether or not the services are maintained in Landlord's or Tenant's name.

5.3 **Security**. Tenant acknowledges that Landlord has not undertaken any duty whatsoever to provide security for the Leased Premises, Building 3, the Common Areas or the Property and, accordingly, Landlord is not responsible for the security of same or the protection of Tenant or any of the Tenant Parties (or any of their property) from any cause whatsoever, including but not limited to criminal and/or terrorist acts. To the extent Tenant determines that such security or protection services are advisable or necessary, Tenant shall arrange for and pay the costs of providing same. In the event Landlord in its sole and absolute discretion agrees to provide any security services, whether it be guard service or access systems or otherwise, Landlord shall do so strictly as an accommodation to Tenant and Landlord shall have no liability whatsoever in connection therewith, whether it be for failure to maintain the secure access system, or for failure of the guard service to provide adequate security, or otherwise. Without limitation, Paragraph 8.1 below is intended by Tenant and Landlord to apply to this Paragraph 5.3. Tenant shall be entitled to install a separate security system for the Leased Premises that may include, without limitation, key-card systems, locks, duress systems, access gates within the interior of Building 3 (including the areas beyond Tenant's receptionist desk in the lobby before any elevators leading exclusively to Tenant's Leased Premises), security lighting, and video monitoring equipment to monitor access points to, and the immediate perimeter of, and all interior portions (including rooftop areas) of, the Leased Premises only (collectively, "**Tenant's Security System**"), either as an alteration subject to all applicable provisions of Paragraph 6.1 or as part of the initial Tenant Improvements; provided, however, that (a) such Tenant's Security System shall not interfere with the building systems of Building 3, (b) such Tenant's Security System and Tenant's use thereof shall comply with all Applicable Laws.

5.4 **Energy And Resource Consumption**.

(a) Landlord may voluntarily cooperate in a reasonable manner with the efforts of governmental agencies and/or utility suppliers in reducing energy or other resource consumption within the Property. Tenant shall not be entitled to terminate this Lease or to any reduction in or abatement of rent by reason of such cooperation so long as such efforts do not adversely affect Tenant's rights or increase Tenant's obligations pursuant to this Lease, reduce the number of parking spaces available to Tenant hereunder, increase any expenses incurred by Tenant in any material respect or restrict Tenant's access to and egress from the Leased Premises, nor for any required compliance.

(b) Tenant agrees to provide Landlord with any information regarding Tenant's use of energy consumption at the Leased Premises required by California AB802.

5.5 **Limitation Of Landlord's Liability**. Landlord shall not be liable to Tenant for injury to Tenant or any of the Tenant Parties, damage to the property of Tenant or any of the Tenant Parties, or loss of business or profits by any of the Tenant Parties, nor shall Tenant be entitled to terminate this Lease or to any reduction in or abatement of rent (except as provided below) by reason of (i) Landlord's failure to provide security services or systems within the Property for the protection of the Leased Premises, Building 3 or the Common Areas, or the protection of the property of Tenant or any of the Tenant Parties, or (ii) Landlord's failure to perform any maintenance or repairs to the Leased Premises, Building 3, the

Common Areas or the Property until Tenant shall have first notified Landlord, in writing, of the need for such maintenance or repairs, and then only after Landlord shall have had a reasonable period of time following its receipt of such notice within which to perform such maintenance or repairs, or (iii) any failure, interruption, rationing or other curtailment in the supply of water, electric current, gas or other utility service to the Leased Premises, Building 3, the Common Areas or the Property from whatever cause (other than Landlord's gross negligence or willful misconduct), or (iv) the unauthorized intrusion or entry into the Leased Premises by third parties (other than Landlord).

Notwithstanding the foregoing, if as a result of a default by Landlord of any of its obligations set forth in this Lease, or as a result of Landlord's gross negligence or willful misconduct, all or a portion of the Leased Premises is rendered untenantable and unusable by Tenant, Tenant shall give Landlord notice (the "**Abatement Notice**"), specifying such failure to perform by Landlord (the "**Abatement Event**"). If Landlord has not cured such Abatement Event within five (5) days after the receipt of the Abatement Notice (or within five (5) days after the earlier date Landlord otherwise had actual knowledge of such Abatement Event, Tenant bearing the burden of proof to establish the date of such knowledge), Tenant may immediately abate Base Rent and Tenant's Share of Property Operating Expenses, Property Insurance Expenses and Real Property Taxes payable under this Lease for that portion of the Leased Premises rendered untenantable and not used by Tenant, for the period from the commencement of such Abatement Event until the earlier of the date Landlord cures such Abatement Event or the date Tenant recommences the use of such portion of the Leased Premises; provided that if the entire Leased Premises has not been rendered untenantable and unusable by the Abatement Event, the amount of abatement that Tenant is entitled to receive shall be prorated based upon the percentage of the Leased Premises (which shall be based on a ratio of the square feet of rentable area rendered untenantable and unusable to all of the rentable area of the Leased Premises leased by Tenant) so rendered untenantable and unusable and not used by Tenant. In the event of any Abatement Event, Landlord agrees to use commercially reasonable efforts to remedy the same as promptly as possible. Such right to abate Base Rent and Tenant's Share of Property Operating Expenses shall be Tenant's sole and exclusive right to abate Base Rent and Tenant's Share of Property Operating Expenses as the result of an Abatement Event, but shall not otherwise limit Tenant's remedies for an Abatement Event. Except as provided in this Paragraph 5.2, nothing contained herein shall be interpreted to mean that Tenant is excused from paying full Rent due hereunder. This paragraph is not applicable to events covered by Articles 10 or 11 of this Lease.

ARTICLE 6
ALTERATIONS AND IMPROVEMENTS

6.1 **By Tenant**. This Paragraph 6.1 does not relate to the Tenant Improvements installed in accordance with and pursuant to the Work Letter, but to alterations, modifications, and improvements made after the date the Tenant Improvements are substantially completed. Tenant shall not make any alterations to or modifications of the Leased Premises or construct any improvements within the Leased Premises until Landlord shall have first approved, in writing, the plans and specifications therefor, which approval may be withheld in Landlord's sole discretion as to alterations, modifications, and improvements which affect the Building structure or materially affect Building systems, and otherwise such approval may be withheld in Landlord's reasonable discretion; provided, however, that Tenant, without Landlord's prior written consent, but upon not less than ten (10) business days' prior written notice to Landlord, may make "**Non-Consent Alterations**," defined herein to mean alterations (including removal and rearrangement of prior alterations) which (a) do not adversely affect any systems or equipment of Building 3 or the Property, (b) do not involve or affect the structural integrity or any structural components of Building 3, (c) do not require a building permit, (d) do not involve the expenditure of more than $150,000.00 per alteration, and (e) do not exceed $1,000,000 in the aggregate over any 36-month period during the Term of this Lease. Tenant's written request shall also contain a request for Landlord to elect whether or not it will require Tenant to remove the subject alterations,

modifications or improvements at the expiration or earlier termination of this Lease. If such additional request is not included, Landlord may make such election at the expiration or earlier termination of this Lease (and for purposes of Tenant's removal obligations set forth in Paragraph 2.6 above, Landlord shall be deemed to have made the election at the time the alterations, modifications or improvements were completed); provided, however, with respect to Tenant's initial alterations and improvements to be made pursuant to and in accordance with the Work Letter, Landlord shall elect whether such item is a Non-Standard Improvement and whether to require removal at the time such work is approved, even if Tenant does not make the foregoing written request. All such modifications, alterations or improvements, once so approved, shall be made, constructed or installed by Tenant at Tenant's expense (including all permit fees and governmental charges related thereto), using a licensed general contractor first approved by Landlord, in substantial compliance with the Landlord-approved plans and specifications therefor. All work undertaken by Tenant shall be done in accordance with all Laws and Restrictions and in a good and workmanlike manner using new materials of good quality. Tenant shall not commence the making of any such modifications or alterations or the construction of any such improvements until (i) any and all required governmental approvals and permits shall have been obtained, (ii) all requirements regarding insurance imposed by this Lease have been satisfied, (iii) Tenant shall have given Landlord at least five (5) business days prior written notice of its intention to commence such work so that Landlord may post and file notices of non-responsibility, and (iv) if requested by Landlord, Tenant shall have obtained contingent liability and broad form builder's risk insurance in an amount satisfactory to Landlord in its reasonable discretion to cover any perils relating to the proposed work not covered by insurance carried by Tenant pursuant to Article 9. In no event shall Tenant make any modification, alterations or improvements whatsoever to the Common Areas or the exterior or structural components of Building 3 including, without limitation, any cuts or penetrations in the floor, roof, or exterior or load-bearing walls of the Leased Premises. As used in this Article, the term "**modifications, alterations and/or improvements**" shall include, without limitation, the installation of additional electrical outlets, overhead lighting fixtures, drains, sinks, partitions, doorways, or the like.

6.2 Ownership Of Improvements. All modifications, alterations and improvements made or added to the Leased Premises by Tenant, other than "**Tenant's Removable Property**" (defined herein as Tenant's inventory, equipment, movable furniture, wall decorations and unattached trade fixtures) shall be deemed real property and a part of the Leased Premises, but shall remain the property of Tenant during the Lease, and Tenant hereby covenants and agrees not to grant a security interest in any such items to any party other than Landlord. Any such modifications, alterations or improvements, once completed, shall not be altered or (except for Tenant's Removable Property**)** removed from the Leased Premises during the Lease Term without Landlord's written approval first obtained in accordance with the provisions of Paragraph 6.1 above. At the expiration or sooner termination of this Lease, all such modifications, alterations and improvements other than Tenant's inventory, equipment, movable furniture, wall decorations and trade fixtures, shall automatically become the property of Landlord and shall be surrendered to Landlord as part of the Leased Premises as required pursuant to Article 2, unless Landlord shall require Tenant to remove any of such modifications, alterations or improvements in accordance with the provisions of Article 2, in which case Tenant shall so remove same. Landlord shall have no obligations to reimburse Tenant for all or any portion of the cost or value of any such modifications, alterations or improvements so surrendered to Landlord. All modifications, alterations or improvements which are installed or constructed on or attached to the Leased Premises by Landlord and/or at Landlord's expense shall be deemed real property and a part of the Leased Premises and shall be property of Landlord upon the expiration or earlier termination of this Lease, other than any items of laboratory equipment that were installed by Tenant at its expense or with the Tenant Improvement Allowance that is used for Tenant's particular use, as opposed to life science uses generally, or is subject to a lender's security lien that had been disclosed to the Landlord. All lighting, plumbing, electrical, HVAC fixtures, partitioning, window coverings, wall coverings and floor coverings installed by Tenant shall be deemed improvements to the Leased Premises and not trade fixtures of Tenant.

6.3 Alterations Required By Law.

(a) Landlord at its sole cost shall make all modifications, alterations and improvements to Building 3 or the Property that are required by any governmental authority at any time due to the Base Building Work constructed by Landlord not having been in compliance with the Laws in effect on the Lease Commencement Date (unless caused by Tenant's increasing the occupancy load of any portion of Building 3 above the load for a typical office/R&D use). In addition, any work required for Americans With Disabilities Act compliance of paths of travel to Building 3 and the Leased Premises will be performed and paid by Landlord, except to the extent triggered by Tenant's particular use, as distinguished from general office use, or Tenant's Non-Standard Improvements.

(b) Tenant at its sole cost shall make all modifications, alterations and improvements to the Leased Premises or Building 3 that are required by any Law because of (i) Tenant's particular use or occupancy of the Leased Premises or Building 3 (as opposed to the Permitted Use generally), (ii) Tenant's application for any permit or governmental approval, or (iii) Tenant's making of any modifications, alterations or improvements to or within the Leased Premises.

(c) If Landlord shall, at any time during the Lease Term, be required by any governmental authority or Law to make any modifications, alterations or improvements to the Leased Premises, Building 3, or the Property (which are not Landlord's sole responsibility as described in subparagraph (a) above or Tenant's sole responsibility as described in subparagraph (b) above), the cost incurred by Landlord in making such modifications, alterations or improvements, including interest at a rate equal to the Standard Interest Rate shall be amortized by Landlord over the useful life of such modifications, alterations or improvements, as determined in accordance with GAAP, and the monthly amortized cost of such modifications, alterations and improvements as so amortized shall be considered a Property Maintenance Cost.

6.4 Liens. Tenant shall keep the Property and every part thereof free from any lien, and shall pay when due all bills arising out of any work performed, materials furnished, or obligations incurred by Tenant or any of the Tenant Parties relating to the Property. If any such claim of lien is recorded against Tenant's interest in this Lease, the Property or any part thereof, Tenant shall bond against, discharge or otherwise cause such lien to be entirely released within ten days after the same has been recorded. Tenant's failure to do so shall be conclusively deemed a material default under the terms of this Lease.

ARTICLE 7
ASSIGNMENT AND SUBLETTING BY TENANT

7.1 By Tenant. Tenant shall not sublet the Leased Premises or any portion thereof or assign its interest in this Lease, or permit the occupancy of the Leased Premises by other than Tenant, whether voluntarily or by operation of Law, without Landlord's prior written consent which shall not be unreasonably withheld, conditioned, or delayed. Any attempted subletting or assignment, or occupancy of the Leased Premises by other than Tenant, without Landlord's prior written consent, at Landlord's election, shall constitute a default by Tenant under the terms of this Lease. The acceptance of rent by Landlord from any person or entity other than Tenant, or the acceptance of rent by Landlord from Tenant with knowledge of a violation of the provisions of this paragraph, shall not be deemed to be a waiver by Landlord of any provision of this Article or this Lease or to be a consent to any subletting by Tenant or any assignment of Tenant's interest in this Lease. Without limiting the circumstances in which it may be reasonable for Landlord to withhold its consent to an assignment or subletting, Landlord and Tenant acknowledge that it shall be reasonable for Landlord to withhold its consent in the following instances:

(a) the proposed assignee or sublessee is a governmental agency;

(b) in Landlord's reasonable judgment, the credit-worthiness of the proposed assignee does not meet the credit standards applied by Landlord, which credit standards shall take into account the fact that Tenant has not been released of Tenant's liability pursuant to the terms of the Lease;

(c) the proposed assignee or sublessee (or any of its affiliates), in the ten years prior to the assignment or sublease, has filed for bankruptcy protection, has been the subject of an involuntary bankruptcy, or has been adjudged insolvent;

(d) Landlord (or any of its affiliates) has experienced a previous default by or is in litigation with the proposed assignee or sublessee (or any of their affiliates);

(e) in Landlord's reasonable judgment, the Leased Premises, or the relevant part thereof, will be used in a manner that will violate any negative covenant as to use contained in this Lease;

(f) the use of the Leased Premises by the proposed assignee or sublessee will violate any Law or Restriction or the proposed assignee or sublessee is not approved by Ground Lessor;

(g) the proposed assignee or sublessee is a tenant at the Property and there is competing space then currently available which is suitable for the needs of such assignee or sublessee;

(h) the proposed assignment or sublease fails to include all of the terms and provisions required to be included therein pursuant to this Article 7;

(i) Tenant is in default of any obligation of Tenant under this Lease; or

(j) in the case of a subletting of less than the entire Leased Premises, if the subletting would result in the division of the Leased Premises into more than two subparcels or would require improvements to be made outside of the Leased Premises.

7.2 Merger, Reorganization, or Sale of Assets. (a) Subject to paragraph (b) below: Any dissolution, merger, consolidation or other reorganization of Tenant, or the sale or other transfer in the aggregate over the Lease Term of a controlling percentage of the capital stock of or other equity interests in Tenant, or the sale or transfer of all or a substantial portion of the assets of Tenant, shall be deemed a voluntary assignment of Tenant's interest in this Lease. The phrase "**controlling percentage**" means the direct or indirect ownership of or right to vote (i) stock possessing more than fifty percent of the total combined voting power of all classes of Tenant's capital stock issued, outstanding and entitled to vote for the election of directors, or (ii) equity interests possessing the ability to direct the management of Tenant. Upon Landlord's request from time to time, Tenant shall promptly provide Landlord with a statement certified by the Tenant's chief executive officer or chief operating officer, which shall provide the following information: (i) the names of all of Tenant's shareholders and their ownership interests at the time thereof, provided Tenant's shares are not publicly traded; (ii) the state in which Tenant is incorporated; (iii) the location of Tenant's principal place of business; (iv) information regarding a material change in the corporate structure of Tenant, including, without limitation, a merger or consolidation; and (v) any other information regarding Tenant's ownership that Landlord reasonably requests. In the event of an acquisition by one entity of the controlling percentage of the capital stock of Tenant where this Lease is not assigned to and assumed in full by such entity, it shall be a condition to Landlord's consent to such change in control that such entity acquiring the controlling percentage assume, as a primary obligor, all rights and obligations of Tenant under this Lease (and such entity shall execute all documents reasonably required to effectuate such assumption).

(b) Notwithstanding subparagraph (a) above, over-the-counter stock market transactions shall not be deemed to be assignments under this Lease. In addition, provided that the conditions described below in this sentence have been satisfied prior to or upon such assignment or subleasing, Tenant may, without Landlord's prior written consent, sublet the Leased Premises or assign this Lease to a wholly owned subsidiary, or affiliate controlled by Tenant, provided that, (A) in the case of an assignment, the assignee shall have unconditionally assumed Tenant's obligations under this Lease in a form acceptable to Landlord, and in the case of a sublease, the subtenant shall have executed Landlord's standard sublease consent form, and (B) the assignee or subtenant has a liquid net worth sufficient for Tenant to continually perform its obligations under the Lease, and such net worth is equal to or greater than the net worth of Tenant as of the Effective Date of this Lease. If any assignment or subleasing occurs without satisfying such criteria and/or without Landlord's consent as provided in Paragraph 7.1 above, as applicable, Tenant shall be deemed for all purposes to be in material default under this Lease. In all events, Tenant shall remain fully liable under this Lease.

7.3 Landlord's Election. If Tenant shall desire to assign its interest under the Lease or to sublet the Leased Premises, Tenant must first notify Landlord, in writing, of its intent to so assign or sublet, at least ten (10) business days in advance of taking any action with respect thereto. Once Tenant has identified a potential assignee or sublessee, Tenant shall notify Landlord, in writing, of its intent to so assign or sublet, at least ten (10) business days in advance of the date it intends to so assign its interest in this Lease or sublet the Leased Premises but not sooner than one hundred eighty days in advance of such date, specifying in detail the terms of such proposed assignment or subletting, including the name of the proposed assignee or sublessee, the proposed assignee's or sublessee's intended use of the Leased Premises, current financial statements (including a certified balance sheet, income statement and statement of cash flow) of such proposed assignee or sublessee, the form of documents to be used in effectuating such assignment or subletting and such other information as Landlord may reasonably request. Landlord shall have a period of ten (10) business days following receipt of such notice and the required information within which to do one of the following: (i) consent to such requested assignment or subletting subject to Tenant's compliance with the conditions set forth in Paragraph 7.4 below, or (ii) refuse to so consent to such requested assignment or subletting, provided that such consent shall not be unreasonably refused, or (iii) terminate this Lease as to the entirety of the Leased Premises in the event of a proposed assignment, or as to only such portion of the Leased Premises as is the subject of the proposed subletting in the event that both (A) the term of the proposed subletting is for 50% or more of the remaining Lease Term (without taking into account the Extension Period unless the extension option was previously exercised), and (B) the RSF of the proposed subletting, either alone or when combined with the RSF of any other then-extant sublettings, is 50% or more of the Leased Premises; such termination to be effective on the date specified in Tenant's notice as the intended effective date of the assignment or subletting. During such ten (10) business day period, Tenant covenants and agrees to supply to Landlord, upon request, all necessary or relevant information which Landlord may reasonably request respecting such proposed assignment or subletting and/or the proposed assignee or sublessee.

7.4 Conditions To Landlord's Consent. If Landlord elects to consent, or shall have been ordered to so consent by a court of competent jurisdiction, to such requested assignment or subletting, such consent shall be expressly conditioned upon the occurrence of each of the conditions below set forth, and any purported assignment or subletting made or ordered prior to the full and complete satisfaction of each of the following conditions shall be void and, at the election of Landlord, which election may be exercised at any time following such a purported assignment or subletting but prior to the satisfaction of each of the stated conditions, shall constitute a material default by Tenant under this Lease until cured by satisfying in full each such condition by the assignee or sublessee. The conditions are as follows:

(a) Landlord having approved in form and substance the assignment or sublease agreement and any ancillary documents, which approval shall not be unreasonably withheld by Landlord if the requirements of this Article 7 are otherwise complied with.

(b) Each such sublessee or assignee having agreed, in writing satisfactory to Landlord and its counsel and for the benefit of Landlord, to assume, to be bound by, and to perform the obligations of this Lease to be performed by Tenant which relate to space being subleased or assigned.

(c) Tenant not having received written notice that Tenant is in default of its obligations under the terms of this Lease through and including the date of such assignment or subletting.

(d) Tenant having reimbursed to Landlord all reasonable costs and reasonable attorneys' fees (but in no event more than Two Thousand Five Hundred Dollars ($2,500) in the case of a proposed subletting) incurred by Landlord in conjunction with the processing and documentation of any such requested subletting or assignment. Tenant shall be obligated to so reimburse Landlord whether or not such subletting or assignment is completed.

(e) Tenant having delivered to Landlord a complete and fully-executed duplicate original of such sublease agreement or assignment agreement (as applicable) and all related agreements.

(f) Ground Lessor having approved such requested assignment or subletting.

(g) Tenant having paid, or having agreed in writing to pay as to future payments, to Landlord fifty percent (50%) of all assignment consideration or excess rentals to be paid to Tenant or to any other on Tenant's behalf or for Tenant's benefit for such assignment or subletting as follows:

(i) If Tenant assigns its interest under this Lease and if all or a portion of the consideration for such assignment is to be paid by the assignee at the time of the assignment, that Tenant shall have paid to Landlord and Landlord shall have received an amount equal to fifty percent (50%) of the assignment consideration so paid or to be paid (whichever is the greater) at the time of the assignment by the assignee; or

(ii) If Tenant assigns its interest under this Lease and if Tenant is to receive all or a portion of the consideration for such assignment in future installments, that Tenant shall have entered into a written agreement with and for the benefit of Landlord satisfactory to Landlord and its counsel whereby Tenant agrees to pay to Landlord an amount equal to fifty percent (50%) of all such future assignment consideration installments to be paid by such assignee as and when such assignment consideration is so paid; or

(iii) If Tenant subleases the Leased Premises, that Tenant shall have entered into a written agreement with and for the benefit of Landlord satisfactory to Landlord and its counsel whereby Tenant agrees to pay to Landlord fifty percent (50%) of all excess rentals to be paid by such sublessee.

7.5 Assignment Consideration And Excess Rentals Defined. For purposes of this Article, including any amendment to this Article by way of addendum or other writing: (i) the term "**assignment consideration**" shall mean all consideration to be paid by the assignee to Tenant or to any other party on Tenant's behalf or for Tenant's benefit as consideration for such assignment, without deduction for any costs or expenses except third party, market rate leasing commissions paid and tenant improvement costs incurred in connection with the assignment, any tenant improvement allowance and/or other out-of-pocket monetary inducements provided to such transferee by Tenant, reasonable fees of attorney(s) and

design professionals incurred by Tenant in connection with the transfer, and any amount payable to Landlord under Paragraph 7.4(d) above with respect to such transfer, and (ii) the term "**excess rentals**" shall mean all consideration to be paid by the sublessee to Tenant or to any other party on Tenant's behalf or for Tenant's benefit for the sublease of all or any part of the Leased Premises in excess of the rent due to Landlord under the terms of this Lease for the portion subleased for the same period, without deduction for any costs or expenses except third party, market rate leasing commissions paid and tenant improvement costs incurred in connection with the sublease. Tenant agrees that the portion of any assignment consideration and/or excess rentals arising from any assignment or subletting by Tenant which is to be paid to Landlord pursuant to this Article now is and shall then be the property of Landlord and not the property of Tenant.

7.6 **Payments**. All payments required by this Article to be made to Landlord shall be made in cash in full as and when they become due. At the time Tenant makes each such payment to Landlord, Tenant shall deliver to Landlord an itemized statement in reasonable detail showing the method by which the amount due Landlord was calculated and certified by the party making such payment as true and correct.

7.7 **Good Faith**. The rights granted to Tenant by this Article are granted in consideration of Tenant's express covenant, which Tenant hereby makes, that all pertinent allocations which are made by Tenant between the rental value of the Leased Premises and the value of any of Tenant's personal property which may be conveyed or leased (or services provided) generally concurrently with and which may reasonably be considered a part of the same transaction as the permitted assignment or subletting shall be made fairly, honestly and in good faith. If Tenant shall breach this covenant, Landlord may immediately declare Tenant to be in default under the terms of this Lease and terminate this Lease and/or exercise any other rights and remedies Landlord would have under the terms of this Lease in the case of a material default by Tenant under this Lease.

7.8 **Effect Of Landlord's Consent**. No subletting or assignment, even with the consent of Landlord, shall relieve Tenant of its personal and primary obligation to pay rent and to perform all of the other obligations to be performed by Tenant hereunder, and Tenant hereby agrees as follows in connection with any assignment of this Lease:

(a) The liability of Tenant under this Lease shall be primary, and in any right of action which shall accrue to Landlord under this Lease, Landlord may, at its option, proceed against Tenant without having commenced any action or obtained any judgment against an assignee. Tenant further agrees that it may be joined in any action against an assignee in connection with the said obligations of assignee and recovery may be had against Tenant in any such action. Tenant hereby expressly waives the benefits and defenses under California Civil Code Sections 2821, 2839, 2847, 2848, 2849 and 2855 to the fullest extent permitted by applicable law.

(b) If an assignee is in default of its obligations under this Lease, Landlord may proceed against either Tenant or the assignee, or both, or Landlord may enforce against Tenant or the assignee any rights that Landlord has under this Lease, in equity or under applicable law. If this Lease terminates due to an assignee's default or bankruptcy or similar debtor protection law, Landlord may enforce this Lease against Tenant, even if Landlord would be unable to enforce it against the assignee. Tenant specifically agrees and understands that Landlord may proceed forthwith and immediately against an assignee or against Tenant following any default by an assignee. Tenant hereby waives all benefits and defenses under California Civil Code Sections 2845, 2848, 2849 and 2850, including without limitation: (i) the right to require Landlord to proceed against an assignee, proceed against or exhaust any security that Landlord holds from an assignee or pursue any other remedy in Landlord's power; (ii) any defense to its obligations hereunder based on the termination or limitation of an assignee's liability; and

(iii) all notices of the existence, creation, or incurring of new or additional obligations. Landlord shall have the right to enforce this Lease regardless of the release or discharge of an assignee by Landlord or by operation of any law relating to protection of debtors, bankruptcy, assignments for the benefit of creditors, or insolvency.

(c) The obligations of Tenant under this Lease shall remain in full force and effect and Tenant shall not be discharged or limited by any of the following events with respect to an assignee or Tenant: (i) insolvency, bankruptcy, reorganization arrangement, adjustment, composition, assignment for the benefits of creditors, liquidation, winding up or dissolution (each a "**Financial Proceeding**"); of (ii) any merger, acquisition, consolidation or change in entity structure, or any sale, lease, transfer, or other disposition of any entity's assets, or any sale or other transfer of interests in the entity; or (iii) any sale, exchange, assignment, hypothecation or other transfer, in whole or in part, of Landlord's interest in the Leased Premises or the Lease. Without limiting the foregoing, Tenant hereby expressly waives the benefits and defenses under any statute or judicial decision (including but not limited to the case styled In Re Arden, 176 F. 3d 1226 (9th Cir. 1999)) that would otherwise (i.e., were it not for such waiver) permit Tenant to claim or obtain the benefit of any so called "capped claim" available to an assignee in any Financial Proceeding. If all or any portion of the obligations guaranteed hereunder are paid or performed and all or any part of such payment or performance is avoided or recovered, directly or indirectly, from Landlord as a preference, fraudulent transfer or otherwise, then Tenant's obligations hereunder shall continue and remain in full force and effect as to any such avoided or recovered payment or performance.

(a) The provisions of this Lease may be changed by agreement between Landlord and an assignee without the consent of or notice to Tenant. This Lease may be assigned by Landlord or an assignee, and the Leased Premises, or a portion thereof, may be sublet by an assignee, all in accordance with the provisions of this Lease, without the consent of or notice to Tenant. Tenant shall remain primarily liable for the performance of the Lease so assigned. Without limiting the generality of the foregoing, Tenant waives the rights and benefits of California Civil Code Sections 2819 and 2820 with respect to any change to the Lease between Landlord and an assignee, and agrees that by doing so Tenant's liability shall continue even if (i) Landlord and an assignee alter any Lease obligations, or (ii) Tenant's remedies or rights against an assignee are impaired or suspended without Tenant's consent by such alteration of Lease obligations.

(b) Consent by Landlord to one or more assignments of Tenant's interest in this Lease or to one or more sublettings of the Leased Premises shall not be deemed to be a consent to any subsequent assignment or subletting. No subtenant shall have any right to assign its sublease or to further sublet any portion of the sublet premises or to permit any portion of the sublet premises to be used or occupied by any other party without the prior written consent of Landlord, in Landlord's sole discretion. No sublease may be modified without Landlord's prior written consent, which shall not be unreasonably withheld, conditioned or delayed. If Landlord shall have been ordered by a court of competent jurisdiction to consent to a requested assignment or subletting, or such an assignment or subletting shall have been ordered by a court of competent jurisdiction over the objection of Landlord, such assignment or subletting shall not be binding between the assignee (or sublessee) and Landlord until such time as all conditions set forth in Paragraph 7.4 above have been fully satisfied (to the extent not then satisfied) by the assignee or sublessee, including, without limitation, the payment to Landlord of all agreed assignment considerations and/or excess rentals then due Landlord. Upon the occurrence and continuance (beyond any notice or cure period expressly provided for in this Lease) of a default while a sublease is in effect, Landlord may collect directly from the sublessee all sums becoming due to Tenant under the sublease and apply this amount against any sums due Landlord by Tenant, and Tenant authorizes and directs any sublessee to make payments directly to Landlord upon notice from Landlord during the pendency of such default. No direct collection by Landlord from any sublessee shall constitute a novation or release of Tenant or any guarantor, a consent to the sublease or a waiver of the covenant prohibiting subleases.

ARTICLE 8
LIMITATION ON LANDLORD'S LIABILITY AND INDEMNITY

8.1 **Limitation On Landlord's Liability And Release**. Landlord shall not be liable to Tenant for, and Tenant hereby releases and waives all claims and rights of recovery against Landlord and its partners, principals, members, managers, officers, agents, employees, lenders, attorneys, contractors, invitees, consultants, successors and assigns (including without limitation prior and subsequent owners of the Property or portions thereof) (collectively, the "**Landlord Indemnitees**") from, any and all liability, whether in contract, tort or on any other basis, for any injury to or any damage sustained by Tenant or any of the Tenant Parties, any damage to the property of Tenant or any of the Tenant Parties, or any loss of business or profits or other financial loss of Tenant or any of the Tenant Parties resulting from or attributable to the condition of, the management of, the repair or maintenance of, the protection of, the supply of services or utilities to, the damage in or destruction of the Leased Premises, Building 3, the Property or the Common Areas, including without limitation (i) the failure, interruption, rationing or other curtailment or cessation in the supply of electricity, water, gas or other utility service to the Property, Building 3 or the Leased Premises; (ii) the vandalism or forcible entry into Building 3 or the Leased Premises; (iii) the penetration of water into or onto any portion of the Leased Premises; (iv) the failure to provide security and/or adequate lighting in or about the Property, Building 3 or the Leased Premises, (v) the existence of any design or construction defects within the Property, Building 3 or the Leased Premises; (vi) the failure of any mechanical systems to function properly (such as the HVAC systems); (vii) the blockage of access to any portion of the Property, Building 3 or the Leased Premises, except that Tenant does not so release Landlord from such liability to the extent such damage was proximately caused by Landlord's gross negligence, willful misconduct, or Landlord's failure to perform an obligation expressly undertaken by Landlord pursuant to this Lease after a reasonable period of time shall have lapsed following receipt of written notice from Tenant to so perform such obligation.

8.2 **Tenant's Indemnification**. Tenant shall defend with counsel reasonably satisfactory to Landlord any claims made or legal actions filed or threatened against the Landlord Indemnitees with respect to the death, bodily injury, personal injury, property damage, or interference with contractual or property rights suffered by any third party occurring within the Leased Premises or resulting from the use or occupancy of the Leased Premises, Building 3, or the Common Areas by Tenant or any of the Tenant Parties, or resulting from the activities of Tenant or any of the Tenant Parties in or about the Leased Premises, Building 3, the Common Areas or the Property, and Tenant shall indemnify and hold the Landlord Indemnitees harmless from any loss liability, penalties, or expense whatsoever (including any loss attributable to vacant space which otherwise would have been leased, but for such activities) resulting therefrom, except to the extent proximately caused by the negligence or willful misconduct of Landlord. This indemnity agreement shall survive the expiration or sooner termination of this Lease.

8.3 **Landlord's Indemnification.** Landlord shall indemnify, defend with counsel reasonably satisfactory to Tenant, and hold Tenant harmless from any loss liability, penalties, or expense whatsoever (including but not limited to reasonable attorneys' fees) resulting from the gross negligence or willful misconduct of Landlord at or with respect to the Property, except to the extent proximately caused by the negligence or willful misconduct of Tenant. This indemnity agreement shall survive the expiration or sooner termination of this Lease.

ARTICLE 9INSURANCE

9.1 **Tenant's Insurance**. Tenant shall maintain insurance complying with all of the following:

(a) Tenant shall procure, pay for and keep in full force and effect, at all times during the Lease Term, the following:

(i) Commercial general liability insurance insuring Tenant against liability for bodily injury, death and damage to property occurring within the Leased Premises, or resulting from Tenant's use or occupancy of the Leased Premises, Building 3, the Common Areas or the Property, or resulting from Tenant's activities in or about the Leased Premises or the Property, with coverage in an amount equal to Tenant's Required Liability Coverage (as set forth in Article 1), which insurance shall contain "blanket contractual liability" and "broad form property damage" endorsements insuring Tenant's performance of Tenant's obligations to indemnify Landlord as contained in this Lease.

(ii) Fire and property damage insurance in "special form" coverage insuring Tenant against loss from physical damage to Tenant's personal property, inventory, trade fixtures and improvements within the Leased Premises with coverage for the full actual replacement cost thereof;

(iii) Business income insurance sufficient to pay Base Monthly Rent and Additional Rent for a period of not less than twelve (12) months;

(iv) Plate glass insurance, at actual replacement cost;

(v) [Reserved]

(vi) Product liability insurance (including, without limitation, if food and/or beverages are distributed, sold and/or consumed within the Leased Premises), to the extent obtainable, coverage for liability arising out of the distribution, sale, use or consumption of food and/or beverages (including alcoholic beverages, if applicable) at the Leased Premises for not less than Tenant's Required Liability Coverage (as set forth in Article 1);

(vii) Workers' compensation insurance (statutory coverage) with employer's liability in amounts not less than $1,000,000 insurance sufficient to comply with all laws; and

(viii) With respect to making of any alterations or modifications or the construction of improvements or the like undertaken by Tenant, course of construction, commercial general liability, automobile liability and workers' compensation (to be carried by Tenant's contractor), in an amount and with coverage reasonably satisfactory to Landlord.

(b) Each policy of liability insurance required to be carried by Tenant pursuant to this paragraph or each policy of liability insurance actually carried by Tenant with respect to the Leased Premises or the Property: (i) shall, except with respect to insurance required by subparagraphs (a)(ii) and (a)(viii) above, name Landlord, and such others as are designated by Landlord, as additional insureds; (ii) shall, with respect to insurance required by subparagraph (a)(ii) above, name Landlord, and such others as are designated by Landlord, as loss payees; (iii) shall be primary and non-contributory with the insurance of Landlord, (iv) shall be carried with companies reasonably acceptable to Landlord with Best's ratings of at least A and XI; (v) shall provide that such policy shall not be subject to cancellation except after at least thirty (30) days prior written notice to Tenant or subject to cancellation for non-payment of premium except after at least ten (10) days prior written notice to Tenant, and (vi) shall contain a so-called "severability" or "cross liability" endorsement. Each policy of property insurance maintained by Tenant with respect to the Leased Premises or the Property or any property therein shall contain a waiver and/or a permission to waive by the insurer of any right of subrogation against Landlord, its partners, principals, members, managers, officers, employees, agents and contractors, which might arise by reason of any payment under such policy or by reason of any act or omission of Landlord, its partners, principals,

members, managers, officers, employees, agents and contractors. Tenant shall send Landlord by next-day delivery, written notice of the cancellation of any insurance policy maintained by Tenant within one (1) business day after receiving written notice of such cancellation.

(c) Prior to the time Tenant or any of its contractors enters the Leased Premises, Tenant shall deliver to Landlord, with respect to each policy of insurance required to be carried by Tenant pursuant to this Article, a certificate of the insurer certifying in form satisfactory to Landlord that a policy has been issued, premium paid. With respect to each renewal or replacement of any such insurance, the requirements of this Paragraph must be complied with not less than ten (10) business days prior to the expiration or cancellation of the policies being renewed or replaced. Landlord may, at any time and from time to time, inspect and/or copy any and all insurance policies required to be carried by Tenant pursuant to this Article. If Landlord's Lender, insurance broker, advisor or counsel reasonably determines at any time that the amount of coverage set forth in Paragraph 9.1(a) for any policy of insurance Tenant is required to carry pursuant to this Article is not adequate, then Tenant shall increase the amount of coverage for such insurance to such greater amount as Landlord's Lender, insurance broker, advisor or counsel reasonably deems adequate, but in any event not to levels more than are required by prudent landlords of other, similar office properties in the Stanford Research Park area of Palo Alto, California. In the event Tenant does not maintain said insurance, Landlord may, in its sole discretion and without waiving any other remedies hereunder, procure said insurance and Tenant shall pay to Landlord as additional rent the cost of said insurance plus a ten percent (10%) administrative fee, but Landlord shall endeavor to provide Tenant up to five (5) business days' advance written notice before procuring same so long as there will be no lapse in coverage.

9.2 **Landlord's Insurance**. With respect to insurance maintained by Landlord:

(a) Landlord shall maintain, as the minimum coverage required of it by this Lease, fire and property damage insurance in so-called special form coverage insuring Landlord (and such others as Landlord may designate) against loss from physical damage to Building 3, with coverage of not less than one hundred percent (100%) of the full actual replacement cost thereof and against loss of rents for a period of not less than six months. Such fire and property damage insurance (i) shall be written in so-called "all risk" form, excluding only those perils commonly excluded from such coverage by Landlord's then property damage insurer; (ii) shall provide coverage for physical damage to the improvements so insured for up to the entire full actual replacement cost thereof; (iii) may be endorsed to cover loss or damage caused by any additional perils against which Landlord may elect to insure, including boiler and machinery insurance to limits sufficient to restore Building 3, earthquake and/or flood; and/or (iv) may provide coverage for loss of rents for a period of up to twelve (12) months. Landlord shall not be required to cause such insurance to cover any of Tenant's personal property, inventory, and trade fixtures, or any modifications, alterations or improvements made or constructed by Tenant to or within the Leased Premises. Landlord shall use commercially reasonable efforts to obtain such insurance at competitive rates.

(b) Landlord shall maintain commercial general liability insurance insuring Landlord (and such others as are designated by Landlord) against liability for personal injury, bodily injury, death, and damage to property occurring in, on or about, or resulting from the use or occupancy of the Property, or any portion thereof, with combined single limit coverage of at least Ten Million Dollars ($10,000,000). Landlord may carry such greater coverage as Landlord or Landlord's Lender, insurance broker, advisor or counsel may from time to time determine is reasonably necessary for the adequate protection of Landlord and the Property.

9.3 **Mutual Waiver Of Subrogation**. Landlord hereby releases Tenant, and Tenant hereby releases Landlord and its respective partners, principals, members, officers, agents, employees and

servants, from any and all liability for loss, damage or injury to the property of the other in or about the Leased Premises or the Property which is caused by or results from a peril or event or happening which is covered by insurance actually carried and in force at the time of the loss by the party sustaining such loss; provided, however, that such waiver shall be effective only to the extent permitted by the insurance covering such loss and to the extent such insurance is not prejudiced thereby.

ARTICLE 10
DAMAGE TO LEASED PREMISES

10.1 **Landlord's Duty To Restore**. If the Leased Premises, Building 3 or the Common Area are damaged by any peril after the Effective Date of this Lease, Landlord shall restore the same, as and when required by this paragraph, unless this Lease is terminated by Landlord pursuant to Paragraph 10.3 or by Tenant pursuant to Paragraph 10.4. If this Lease is not so terminated, then upon the issuance of all necessary governmental permits, Landlord shall commence and diligently prosecute to completion the restoration of the Leased Premises, Building 3 or the Common Area, as the case may be, to the extent then allowed by law, to substantially the same condition in which it existed as of the Lease Commencement Date. Landlord's obligation to restore shall be limited to the improvements constructed by Landlord. Landlord shall have no obligation to restore any alterations, modifications or improvements made by Tenant to the Leased Premises or any of Tenant's personal property, inventory or trade fixtures. Subject to the terms of Paragraph 10.4 below, upon completion of the restoration by Landlord, to the extent that Tenant actually receives insurance proceeds, Tenant shall forthwith replace or fully repair all of Tenant's improvements constructed by Tenant to like or similar conditions as existed at the time immediately prior to such damage or destruction, to the extent permitted by Laws and Restrictions; provided, however, that although Tenant must restore the entirety of its space, it shall have the right to restore the space with Class "A" office improvements costing an amount not to exceed $90 per square foot of the affected portion of the Leased Premises, subject to (a) plans and specifications approved by Landlord in its reasonable discretion, (b) compliance with all Laws and Restrictions, and (c) all required approvals of the Ground Lessor, the City of Palo Alto, and all agencies with jurisdiction.

10.2 **Insurance Proceeds**. All insurance proceeds available from the fire and property damage insurance carried by Landlord shall be paid to and become the property of Landlord. If this Lease is terminated pursuant to either Paragraph 10.3 or 10.4, all insurance proceeds available from insurance carried by Tenant which cover loss of property that is Landlord's property or would become Landlord's property on termination of this Lease in an amount not to exceed $90 per square foot of the affected portion of the Leased Premises, shall be paid to and become the property of Landlord, and the remainder of such proceeds shall be paid to and become the property of Tenant. If this Lease is not terminated pursuant to either Paragraph 10.3 or 10.4, all insurance proceeds available from insurance carried by Tenant which cover loss to property that is Landlord's property shall be paid to and become the property of Landlord, and all proceeds available from such insurance which cover loss to property which would only become the property of Landlord upon the termination of this Lease shall be paid to and remain the property of Tenant. The determination of Landlord's property and Tenant's property shall be made pursuant to Paragraph 6.2.

10.3 **Landlord's Right To Terminate**. Landlord shall have the option to terminate this Lease in the event any of the following occurs, which option may be exercised only by delivery to Tenant of a written notice of election to terminate within thirty days after the date of such damage or destruction:

(a) Building 3 is damaged by any peril covered by valid and collectible insurance actually carried by Landlord and in force at the time of such damage or destruction (an "**insured peril**") to such an extent that Landlord does not receive insurance proceeds (not including the effect of any deductible portion thereof equal to or greater than ninety percent (90%) of the estimated cost to restore

Building 3
Building 3). Notwithstanding any of the provisions of this Paragraph 10.3 to the contrary, if Landlord desires to terminate the Lease as a result of any condition described in this Paragraph 10.3(a) and the damage to the Leased Premises is anticipated to exceed an amount equal to (i) six (6) months' Base Monthly Rent and Additional Rent at the rental rate at the time of the casualty, or (ii) in the last year of the Lease Term, three (3) months' Base Monthly Rent and Additional Rent at the rental rate at the time of the casualty (as applicable, the "**Loss Cap**"), Landlord shall send written notice thereof to Tenant detailing the estimated cost of restoration and the amount by which it exceeds the Loss Cap. No later than thirty (30) days after Tenant's receipt of such written notice from Landlord, Tenant shall notify Landlord in writing whether Tenant is willing to contribute the amount required to restore the Leased Premises (including the Tenant Improvements therein) which exceeds the Loss Cap or whether Tenant desires to terminate this Lease. Provided that Tenant timely notifies Landlord that Tenant is willing to contribute such sum toward restoration of the Leased Premises, Landlord shall restore the Leased Premises (excluding any improvements and any Alterations therein built by Tenant), at its sole cost and expense, with Tenant paying each month as Additional Rent an amortized portion of the amount identified in Landlord's written notice that is in excess of the Loss Cap. Such Additional Rent due from Tenant in payment for the restoration costs that are in excess of the Loss Cap shall be amortized on a straight line basis over the Lease Term (including all remaining Extension Periods whether or not an Option to Extend therefor has then been exercised or not) with interest on the unamortized balance at the Standard Interest Rate. Tenant shall pay such Additional Rent to Landlord for the remainder of the Lease Term (inclusive of any and all Extension Periods) and if the Lease Term expires or otherwise terminates before the end of the period over which such restoration costs were amortized, then upon such expiration or termination of the Lease, Tenant shall pay to Landlord a lump sum payment equal to the unamortized principal balance of the restoration costs. If Tenant fails to timely respond to Landlord's written notice, this Lease shall terminate as provided in Paragraph 10.3 above.

(b) Building 3 is damaged by an uninsured peril, which peril Landlord was not required to (and did not) insure against pursuant to the provisions of Article 9 of this Lease.

(c) Building 3 is damaged by any peril and, because of the Laws or Restrictions then in force, Building 3 (i) cannot be restored at reasonable cost or (ii) if restored, cannot be used for the same use being made thereof before such damage.

10.4 Tenant's Right To Terminate. If the Leased Premises, Building 3 or the Common Area are damaged by any peril and Landlord does not elect to terminate this Lease or is not entitled to terminate this Lease pursuant to this Article, then as soon as reasonably practicable, Landlord shall furnish Tenant with the written opinion of Landlord's architect or construction consultant as to when the restoration work required of Landlord may be complete. Tenant shall have the option to terminate this Lease in the event any of the following occurs, which option may be exercised only by delivery to Landlord of a written notice of election to terminate within thirty (30) days after Tenant receives from Landlord the estimate of the time needed to complete such restoration:

(a) If the construction time estimated to substantially complete the restoration exceeds twelve (12) months; or

(b) If the damage occurred within twelve (12) months of the last day of the Lease Term and the construction time estimated to substantially complete the restoration exceeds thirty (30) days; or

(c) Tenant does not receive insurance proceeds equal to ninety percent (90%) or more of the cost to rebuild Tenant's improvements in the Leased Premises; or

(d) The rebuilding of Tenant's improvements in the Leased Premises is not allowed by any laws or Restrictions; or

(e) If Tenant has not terminated this Lease pursuant to either of subparagraphs (a) or (b) above, the repairs in question are to the Leased Premises or portion of the Property providing access to the Leased Premises and Landlord's repairs undertaken pursuant to Paragraph 10.1 are not actually completed within one hundred eighty (180) days after the time period set forth in the casualty repair estimate, which time period is subject to extension for Excusable Delays, Tenant shall have the right to terminate this Lease by notice to Landlord (the "**Damage Termination Notice**"), effective as of a date set forth in the Damage Termination Notice (the "**Damage Termination Date**"), which Damage Termination Date may be up to thirty (30) days after delivery of the Damage Termination Notice. Notwithstanding the foregoing, if Tenant delivers a Damage Termination Notice to Landlord, then Landlord shall have the right to suspend the occurrence of the Damage Termination Date for a period ending thirty (30) days after the Damage Termination Date set forth in the Damage Termination Notice by delivering to Tenant, within five (5) Business Days of Landlord's receipt of the Damage Termination Notice, a certificate from Landlord's contractor responsible for the repair of the damage certifying that, in such contractor's good faith judgment, the repairs shall be substantially completed within thirty (30) days after the Damage Termination Date. If the repairs shall be substantially completed prior to the expiration of such thirty (30) day period, then the Damage Termination Notice shall be of no force or effect, but if the repairs shall not be substantially completed within such thirty (30) day period, then this Lease shall terminate upon the expiration of such thirty (30) day period. At any time, from time to time, after the date occurring sixty (60) days after the date of the casualty, Tenant may request that Landlord inform Tenant of Landlord's reasonable opinion of the date of completion of the repairs and Landlord shall respond to such request within five (5) business days.

For the avoidance of confusion, the foregoing requirement regarding Tenant's default shall not be read to prevent Tenant from curing the applicable default and then exercising the above-described termination right once the default is cured if such cure is completed within the applicable cure period, if any, expressly set forth in this Lease.

10.5 **Tenant's Waiver**. Landlord and Tenant agree that the provisions of Paragraph 10.4 above, captioned "Tenant's Right To Terminate", are intended to supersede and replace the provisions contained in California Civil Code, Section 1932, Subdivision 2, and California Civil Code, Section 1933, and accordingly, Tenant hereby waives the provisions of such Civil Code Sections and the provisions of any successor Civil Code Sections or similar laws hereinafter enacted.

10.6 **Abatement Of Rent**. In the event of damage to the Leased Premises which does not result in the termination of this Lease, then the Base Monthly Rent (and any Additional Rent) shall be temporarily abated during the period (after the Insured Period) of Landlord's and/or Tenant's (as applicable) restoration, in proportion in the degree to which Tenant's use of the Leased Premises is impaired by such damage.

ARTICLE 11
CONDEMNATION

11.1 **Tenant's Right To Terminate**. Except as otherwise provided in Paragraph 11.4 below regarding temporary takings, Tenant shall have the option to terminate this Lease if, as a result of any taking, (i) all of the Leased Premises is taken, or (ii) twenty-five percent (25%) or more of the Leased Premises is taken and the part of the Leased Premises that remains cannot, within a reasonable period of time, be made reasonably suitable for the continued operation of Tenant's business. Tenant must exercise such option within thirty (30) days after its receipt of the condemnor's written notice of intent to condemn

or take, to be effective on the later to occur of (i) the date that possession of that portion of the Leased Premises that is condemned is taken by the condemnor or (ii) the date Tenant vacated the Leased Premises.

11.2 Landlord's Right To Terminate. Except as otherwise provided in Paragraph 11.4 below regarding temporary takings, Landlord shall have the option to terminate this Lease if, as a result of any taking, (i) all of the Leased Premises is taken, (ii) fifty percent (50%) or more of the Leased Premises is taken and the part of the Leased Premises that remains cannot, within a reasonable period of time, be made reasonably suitable for the continued operation of Tenant's business, or (iii) because of the Laws or Restrictions then in force, the Leased Premises may not be used for the same use being made before such taking, whether or not restored as required by Paragraph 11.3 below. Any such option to terminate by Landlord must be exercised within a reasonable period of time, to be effective as of the date possession is taken by the condemnor.

11.3 Restoration. If any part of the Leased Premises or Building 3 is taken and this Lease is not terminated, then Landlord shall, to the extent not prohibited by Laws or Restrictions then in force, repair any damage occasioned thereby to the remainder thereof to a condition reasonably suitable for Tenant's continued operations and otherwise, to the extent practicable, in the manner and to the extent provided in Paragraph 10.1.

11.4 Temporary Taking. If a material portion of the Leased Premises is temporarily taken for a period of one year or less and such period does not extend beyond the Lease Expiration Date, this Lease shall remain in effect. If any material portion of the Leased Premises is temporarily taken for a period which exceeds one year or which extends beyond the Lease Expiration Date, then the rights of Landlord and Tenant shall be determined in accordance with Paragraphs 11.1 and 11.2 above.

11.5 Division Of Condemnation Award. Any award made for any taking of the Property, Building 3, or the Leased Premises, or any portion thereof, shall belong to and be paid to Landlord, and Tenant hereby assigns to Landlord all of its right, title and interest in any such award; provided, however, that Tenant shall be entitled to receive any portion of the award that is made specifically (i) for the taking of personal property, inventory or trade fixtures belonging to Tenant, (ii) for the interruption of Tenant's business or its moving costs, or (iii) for the value of any leasehold improvements installed and paid for by Tenant. The rights of Landlord and Tenant regarding any condemnation shall be determined as provided in this Article, and each party hereby waives the provisions of Section 1265.130 of the California Code of Civil Procedure, and the provisions of any similar law hereinafter enacted, allowing either party to petition the Supreme Court to terminate this Lease and/or otherwise allocate condemnation awards between Landlord and Tenant in the event of a taking of the Leased Premises.

11.6 Abatement Of Rent. In the event of a taking of the Leased Premises which does not result in a termination of this Lease (other than a temporary taking), then, as of the date possession is taken by the condemning authority, the Base Monthly Rent shall be reduced in the same proportion that the area of that part of the Leased Premises so taken (less any addition to the area of the Leased Premises by reason of any reconstruction) bears to the area of the Leased Premises immediately prior to such taking.

11.7 Taking Defined. The term "**taking**" or "**taken**" as used in this Article 11 shall mean any transfer or conveyance of all or any portion of the Property to a public or quasi-public agency or other entity having the power of eminent domain pursuant to or as a result of the exercise of such power by such an agency, including any inverse condemnation and/or any sale or transfer by Landlord of all or any portion of the Property to such an agency under threat of condemnation or the exercise of such power.

ARTICLE 12
DEFAULT AND REMEDIES

12.1 Events Of Tenant's Default. Tenant shall be in default of its obligations under this Lease and an Event of Default shall have occurred if any of the following events occur:

(a) Tenant shall have failed to pay Base Monthly Rent or any Additional Rent when due; provided that Tenant shall be entitled to receive written notice of late payment two (2) times during each twelve (12) month period of the Lease Term, and with respect to those two (2) late payments, Tenant shall not be in default under this Paragraph 12.1(a) unless Tenant has failed to make the required payment within three (3) business days after such notice from Landlord. After the notice has been given, Landlord shall not be required to provide any further notices (except statutory notices) to Tenant during the balance of that year; or

(b) Tenant shall have done or permitted to be done any act, use or thing in its use, occupancy or possession of the Leased Premises or Building 3 or the Common Areas which is prohibited by the terms of this Lease, or Tenant shall have failed to perform any term, covenant or condition of this Lease (except those requiring the payment of Base Monthly Rent or Additional Rent, which failures shall be governed by subparagraph (a) above) within the shorter of (i) any specific time period expressly provided under this Lease for the performance of such term, covenant or condition, or (ii) thirty (30) days after written notice from Landlord to Tenant specifying the nature of such failure and requesting Tenant to perform same (or, if such default cannot reasonably be cured within such thirty (30) day period, such longer period as is reasonably necessary to cure such default, so long as Tenant commences such cure within such thirty (30) day period and thereafter diligently completes such cure); or

(c) (i) Tenant shall have sublet the Leased Premises or assigned or encumbered its interest in this Lease in violation of the provisions contained in Article 7, or (ii) any guarantor shall have assigned or delegated its rights or obligations under the applicable guaranty without first obtaining Landlord's written consent if and as required by the terms of the applicable guaranty, in either case (i) or (ii), whether voluntarily or by operation of law; or

(d) Tenant shall have abandoned the Leased Premises (as opposed to having vacated in accordance with Paragraph 4.1 above); or

(e) Tenant or any guarantor of this Lease shall have permitted or suffered the sequestration or attachment of, or execution on, or the appointment of a custodian or receiver with respect to, all or any substantial part of the property or assets of Tenant (or such guarantor) or any property or asset essential to the conduct of Tenant's (or such guarantor's) business, and Tenant (or such guarantor) shall have failed to obtain a return or release of the same within thirty days thereafter, or prior to sale pursuant to such sequestration, attachment or levy, whichever is earlier; or

(f) Tenant or any guarantor of this Lease shall have made a general assignment of all or a substantial part of its assets for the benefit of its creditors; or

(g) Tenant or any guarantor of this Lease shall have allowed (or sought) to have entered against it a decree or order which: (i) grants or constitutes an order for relief, appointment of a trustee, or condemnation or a reorganization plan under the bankruptcy laws of the United States; (ii) approves as properly filed a petition seeking liquidation or reorganization under said bankruptcy laws or any other debtor's relief law or similar statute of the United States or any state thereof; or (iii) otherwise directs the winding up or liquidation of Tenant; provided, however, if any decree or order was entered without Tenant's consent or over Tenant's objection, Landlord may not terminate this Lease pursuant to

this Subparagraph if such decree or order is rescinded or reversed within thirty days after its original entry; or

(h) Tenant or any guarantor of this Lease shall have availed itself of the protection of any debtor's relief law, moratorium law or other similar law which does not require the prior entry of a decree or order; or

(i) Tenant shall have conducted any activities which constitute a breach of any of sections 3, 6(a), 6(b), 7, 9, 11(b), 11(c), 11(d), 12, 16, or 19 of the Ground Lease, and has failed to cure the same within the applicable notice and cure period, if any, expressly provided for in the Ground Lease, and Landlord shall provide Tenant with prompt written notice of any default notice received from Ground Lessor relating to such sections; or

(j) Tenant (or its affiliate) shall be in default of its obligations under any lease between Landlord (or its affiliate) and Tenant (or its affiliate). Landlord shall have the right, acting alone, to elect from time to time to limit this Paragraph 12.1(j) to fewer than all of such other leases and/or to reverse such limitation, or to delete and/or reinstate, as applicable, this Paragraph 12.1(j), by notice to Tenant delivered in accordance with this Lease. If at any time Landlord makes such election, then Tenant agrees: (1) at Landlord's request, to execute an amendment to this Lease the effect of which is to so limit this Paragraph 12.1(j) or if applicable, to reverse such limitation, or to delete or reinstate, as applicable, this Paragraph 12.1(j), and (2) that in the event of a limitation or deletion, such amendment shall retain for Landlord the right to reverse the limitation or to reinstate this Paragraph 12.1(j), as applicable.

12.2 Landlord's Remedies. In the event of any default by Tenant, and without limiting Landlord's right to indemnification as provided in Article 8.2, Landlord shall have the following remedies, in addition to all other rights and remedies provided by law or otherwise provided in this Lease, to which Landlord may resort cumulatively, or in the alternative:

(a) Landlord may, at Landlord's election, keep this Lease in effect and enforce, by an action at law or in equity, all of its rights and remedies under this Lease including, without limitation, (i) the right to recover the rent and other sums as they become due by appropriate legal action, (ii) the right to make payments required by Tenant, or perform Tenant's obligations and be reimbursed by Tenant for the cost thereof with interest at the Default Interest Rate from the date the sum is paid by Landlord until Landlord is reimbursed by Tenant, and (iii) the remedies of injunctive relief and specific performance to prevent Tenant from violating the terms of this Lease and/or to compel Tenant to perform its obligations under this Lease, as the case may be.

(b) Landlord may, at Landlord's election, terminate this Lease by giving Tenant written notice of termination, in which event this Lease shall terminate on the date set forth for termination in such notice, in which event Tenant shall immediately surrender the Leased 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 Leased Premises and expel or remove Tenant and any other person who may be occupying the Leased Premises or any part thereof, without being liable for prosecution or any claim for damages therefor. Any termination under this subparagraph shall not relieve Tenant from its obligation to pay to Landlord all Base Monthly Rent and Additional Rent then or thereafter due, or any other sums due or thereafter accruing to Landlord, or from any claim against Tenant for damages previously accrued or then or thereafter accruing. In no event shall any one or more of the following actions by Landlord, in the absence of a written election by Landlord to terminate this Lease constitute a termination of this Lease:

(i) Appointment of a receiver or keeper in order to protect Landlord's interest hereunder;

(ii) Consent to any subletting of the Leased Premises or assignment of this Lease by Tenant, whether pursuant to the provisions hereof or otherwise; or

(iii) Any action taken by Landlord or its partners, principals, members, officers, agents, employees, or servants, which is intended to mitigate the adverse effects of any breach of this Lease by Tenant, including, without limitation, any action taken to maintain and preserve the Leased Premises on any action taken to relet the Leased Premises or any portion thereof for the account at Tenant and in the name of Tenant.

(c) In the event Tenant breaches this Lease and abandons the Leased Premises, Landlord may terminate this Lease, but this Lease shall not terminate unless Landlord gives Tenant written notice of termination. If Landlord does not terminate this Lease by giving written notice of termination, Landlord may enforce all its rights and remedies under this Lease, including the right and remedies provided by California Civil Code Section 1951.4 ("lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has right to sublet or assign, subject only to reasonable limitations"), as in effect on the Effective Date of this Lease.

(d) In the event Landlord terminates this Lease, Landlord shall be entitled, at Landlord's election, to the rights and remedies provided in California Civil Code Section 1951.2, as in effect on the Effective Date of this Lease. For purposes of computing damages pursuant to Section 1951.2, an interest rate equal to the Default Interest Rate shall be used where permitted. Such damages shall include, without limitation:

(i) The worth at the time of the award of the unpaid rent which had been earned at the time of termination; plus

(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided, computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco, at the time of award plus one percent; plus

(iv) Any other amount necessary to compensate Landlord for all detriment proximately caused by Tenant's failure to perform Tenant's obligations under this Lease, or which in the ordinary course of things would be likely to result therefrom, including without limitation, the following: (i) expenses for cleaning, repairing or restoring the Leased Premises, (ii) expenses for altering, remodeling or otherwise improving the Leased Premises for the purpose of reletting, including removal of existing leasehold improvements and/or installation of additional leasehold improvements (regardless of how the same is funded, including reduction of rent, a direct payment or allowance to a new tenant, or otherwise), (iii) broker's fees allocable to the remainder of the term of this Lease, advertising costs and other expenses of reletting the Leased Premises; (iv) costs of carrying and maintaining the Leased Premises, such as taxes, insurance premiums, utility charges and security precautions (although the foregoing shall not in any way modify Paragraph 5.3 above), (v) expenses incurred in removing, disposing of and/or storing any of Tenant's personal property, inventory or trade fixtures remaining therein; (vi) reasonable attorney's fees, expert witness fees, court costs and other reasonable expenses

incurred by Landlord (but not limited to taxable costs) in retaking possession of the Leased Premises, establishing damages hereunder, and releasing the Leased Premises; and (vii) any other expenses, costs or damages otherwise incurred or suffered as a result of Tenant's default.

(e) Pursuant to California Code of Civil Procedure Section 1161.1, Landlord may accept a partial payment of Rent after serving a notice pursuant to California Code of Civil Procedure Section 1161, and may without further notice to the Tenant, commence and pursue an action to recover the difference between the amount demanded in that notice and the payment actually received. This acceptance of such a partial payment of Rent does not constitute a waiver of any rights, including any right the Landlord may have to recover possession of the Leased Premises. Further, Tenant agrees that any notice given by Landlord pursuant to Paragraph 12.1 of the Lease shall satisfy the requirements for notice under California Code of Civil Procedure Section 1161, and Landlord shall not be required to give any additional notice in order to be entitled to commence an unlawful detainer proceeding.

12.3 Landlord's Default And Tenant's Remedies. In the event Landlord fails to perform its obligations under this Lease, Landlord shall nevertheless not be in default under the terms of this Lease until such time as Tenant shall have first given Landlord written notice specifying the nature of such failure to perform its obligations, and then only after Landlord shall have had thirty (30) days following its receipt of such notice (or, in the case of emergencies, two (2) days following its receipt of such notice) within which to perform such obligations; provided that, if longer than thirty (30) days (or, in the case of emergencies, two (2) days following its receipt of such notice) is reasonably required in order to perform such obligations, Landlord shall have such longer period, but in no event later than ninety (90) days following Landlord's receipt of such notice. In the event of Landlord's default as above set forth, then, and only then, Tenant may then proceed in equity or at law to compel Landlord to perform its obligations and/or to recover damages proximately caused by such failure to perform (except as and to the extent Tenant has waived its right to damages as provided in this Lease). For purposes of this Paragraph 12.3, an "**Emergency"** shall mean an event threatening immediate and material danger to people located in the Leased Premises or to the Leased Premises or creating an immediate and material interference with or interruption of Tenant's business operations.

12.4 Limitation Of Tenant's Recourse. Tenant's sole recourse against Landlord shall be to Landlord's interest in Building 3, the Common Areas, and the Property and the rental revenues, sales proceeds, insurance proceeds and condemnation awards therefrom; provided, however, that in no event shall Tenant have recourse to any sums distributed to Landlord's members or manager(s) in the ordinary course of business (including but not limited to sale or refinancing proceeds distributed upon a sale or refinancing, as applicable). If Landlord is a corporation, trust, partnership, joint venture, limited liability company, unincorporated association, or other form of business entity, Tenant agrees that (i) the obligations of Landlord under this Lease shall not constitute personal obligations of the officers, directors, trustees, partners, joint venturers, members, managers, owners, stockholders, or other principals of such business entity, and (ii) Tenant shall have recourse only to the interest of such corporation, trust, partnership, joint venture, limited liability company, unincorporated association, or other form of business entity in Building 3, the Common Areas, or the Property (and the rental revenues, sales proceeds, insurance proceeds and condemnation awards therefrom; provided, however, that in no event shall Tenant have recourse to any sums distributed to Landlord's members or manager(s) in the ordinary course of business, including but not limited to sale or refinancing proceeds distributed upon a sale or refinancing, as applicable), for the satisfaction of such obligations and not against the assets of such officers, directors, trustees, partners, joint venturers, members, managers, owners, stockholders or principals. Additionally, if Landlord is a partnership or limited liability company, then Tenant covenants and agrees:

(a) No partner, manager, or member of Landlord shall be sued or named as a party in any suit or action brought by Tenant with respect to any alleged breach of this Lease (except to the extent

necessary to secure jurisdiction over the partnership or limited liability company and then only for that sole purpose);

(b) No service of process shall be made against any partner, manager, or member of Landlord except for the sole purpose of securing jurisdiction over the partnership; and

(c) No writ of execution will ever be levied against the assets of any partner, manager, or member of Landlord other than to the extent of his or her interest in the assets of the partnership or limited liability company constituting Landlord.

Tenant further agrees that each of the foregoing covenants and agreements shall be enforceable by Landlord and by any partner or manager or member of Landlord and shall be applicable to any actual or alleged misrepresentation or nondisclosure made regarding this Lease or the Leased Premises or any actual or alleged failure, default or breach of any covenant or agreement either expressly or implicitly contained in this Lease or imposed by statute or at common law.

12.5 Tenant's Waiver. Landlord and Tenant agree that the provisions of Paragraph 12.3 above are intended to supersede and replace the provisions of California Civil Code Sections 1932(1), 1941 and 1942, and accordingly, Tenant hereby waives the provisions of California Civil Code Sections 1932(1), 1941 and 1942 and/or any similar or successor law regarding Tenant's right to terminate this Lease or to make repairs and deduct the expenses of such repairs from the rent due under this Lease.

12.6 Limitation of Landlord's Recourse. If Tenant is a corporation, trust, partnership, joint venture, limited liability company, unincorporated association, or other form of business entity, Landlord agrees that (i) the obligations of Tenant under this Lease shall not constitute personal obligations of the officers, directors, trustees, partners, joint venturers, members, managers, owners, stockholders, or other principals of such business entity, and (ii) Landlord shall not have recourse against the assets of such officers, directors, trustees, partners, joint venturers, members, managers, owners, stockholders or principals. Additionally, if Tenant is a partnership or limited liability company, then Landlord covenants and agrees:

(a) No partner, manager, or member of Tenant shall be sued or named as a party in any suit or action brought by Landlord with respect to any alleged breach of this Lease (except to the extent necessary to secure jurisdiction over the partnership or limited liability company and then only for that sole purpose);

(b) No service of process shall be made against any partner, manager, or member of Tenant except for the sole purpose of securing jurisdiction over the partnership or limited liability company; and

(c) No writ of execution will ever be levied against the assets of any partner, manager, or member of Tenant other than to the extent of his or her interest in the assets of the partnership or limited liability company constituting Tenant.

Landlord further agrees that each of the foregoing covenants and agreements shall be enforceable by Tenant and by any partner or manager or member of Tenant and shall be applicable to any actual or alleged misrepresentation or nondisclosure made regarding this Lease or the Leased Premises or any actual or alleged failure, default or breach of any covenant or agreement either expressly or implicitly contained in this Lease or imposed by statute or at common law.

ARTICLE 13
GENERAL PROVISIONS

13.1 **Taxes On Tenant's Property**. Tenant shall pay before delinquency any and all taxes, assessments, license fees, use fees, permit fees and public charges of whatever nature or description levied, assessed or imposed against Tenant or Landlord by a governmental agency arising out of, caused by reason of or based upon Tenant's estate in this Lease, Tenant's ownership of property, improvements made by Tenant to the Leased Premises or the Common Areas, improvements made by Landlord for Tenant's use within the Leased Premises or the Common Areas, Tenant's use (or estimated use) of public facilities or services or Tenant's consumption (or estimated consumption) of public utilities, energy, water or other resources (collectively, "**Tenant's Interest**"). Upon demand by Landlord, Tenant shall furnish Landlord with satisfactory evidence of these payments. If any such taxes, assessments, fees or public charges are levied against Landlord, Landlord's property, Building 3 or the Property, or if the assessed value of Building 3 or the Property is increased by the inclusion therein of a value placed upon Tenant's Interest, regardless of the validity thereof, Landlord shall have the right to require Tenant to pay such taxes, and if not paid and satisfactory evidence of payment delivered to Landlord at least ten days prior to delinquency, then Landlord shall have the right to pay such taxes on Tenant's behalf and to invoice Tenant for the same, in either case whether before or after the expiration or earlier termination of the Lease Term. Tenant shall, within the earlier to occur of (a) thirty (30) days of the date it receives an invoice from Landlord setting forth the amount of such taxes, assessments, fees, or public charge so levied, or (b) the due date of such invoice, pay to Landlord, as Additional Rent, the amount set forth in such invoice. Failure by Tenant to pay the amount so invoiced within such time period shall be conclusively deemed a default by Tenant under this Lease, subject to the terms of Paragraph 12.1(a) above. Tenant shall have the right to bring suit in any court of competent jurisdiction to recover from the taxing authority the amount of any such taxes, assessments, fees or public charges so paid.

13.2 **Holding Over**. This Lease shall terminate without further notice on the Lease Expiration Date (as set forth in Article 1). Notwithstanding the foregoing, upon sixty (60) days advance notice from Tenant to Landlord, Tenant shall have the right to hold over in the Leased Premises for sixty (60) days, upon all of the terms and conditions of the Lease, including the obligation to pay Base Monthly Rent and Additional Rent. Any holding over by Tenant after expiration of the Lease Term shall neither constitute a renewal nor extension of this Lease nor give Tenant any rights in or to the Leased Premises except as expressly provided in this Paragraph. Any such holding over to which Landlord has consented shall be construed to be a tenancy from month to month, on the same terms and conditions herein specified insofar as applicable, except that (following the initial sixty (60) day holdover period described above, if applicable) the Base Monthly Rent shall be increased to an amount equal to one hundred twenty-five percent (125%) of the Base Monthly Rent payable during the last full month immediately preceding such holding over. Without limiting the foregoing, in the event of a holding over to which Landlord has consented, any rights of Landlord or obligations of Tenant set forth in this Lease and purporting to apply during the term of this Lease, shall nonetheless also be deemed to apply during any such hold over period. Tenant acknowledges that if Tenant holds over without Landlord's consent, such holding over may compromise or otherwise affect Landlord's ability to enter into new leases with prospective tenants regarding the Leased Premises. Therefore, if Tenant fails to surrender the Leased Premises upon the expiration or termination of this Lease (and following the initial sixty (60) day holdover period described above, if applicable), in addition to any other liabilities to Landlord accruing therefrom, Tenant shall protect, defend, indemnify and hold Landlord harmless from and against all claims resulting from such failure, including, without limiting the foregoing, any claims made by any succeeding tenant founded upon such failure to surrender, and any losses suffered by Landlord, including lost profits, resulting from such failure to surrender. Tenant shall have the right to request that Landlord provide to Tenant a written notice setting forth Landlord's estimate of the maximum amount of actual, special and consequential damages (including loss of profits, loss of business opportunity, loss of goodwill and loss of use)

Building 3
("**Holding Over Damages**") that Landlord will incur as the result of Tenant's failure to surrender the Leased Premises following the expiration of the Lease Term. Within ten (10) business days after receipt of such request, Landlord shall provide Tenant a written notice setting forth Landlord's estimate of Holding Over Damages. Tenant acknowledges and agrees that such notice is nothing more than an estimate of Holding Over Damages delivered to Tenant on an accommodation basis only, and in no event shall such estimate be considered a limit on, liquidation of, or other measure of the actual Holding Over Damages which Landlord may incur as a result of any holding over by Tenant. The provisions of this Paragraph 13.2 shall not be deemed to limit or constitute a waiver of any other rights or remedies of Landlord provided herein or at law.

13.3 **Subordination To Mortgages**. This Lease is subject to and subordinate to all ground leases, mortgages and deeds of trust which affect Building 3 or the Property and which are of public record as of the Effective Date of this Lease, and to all renewals, modifications, consolidations, replacements and extensions thereof. Notwithstanding the foregoing, if requested by Landlord, Tenant agrees, within ten (10) business days after Landlord's written request therefor, to execute, acknowledge and deliver to Landlord any and all documents or instruments requested by Landlord or by the existing lessor or lender to assure the subordination of this Lease to such ground lease, mortgage or deed of trust, including but not limited to a subordination agreement in the form attached to this Lease as **Exhibit E** or such other form as any such lessor or lender may require. However, if the lessor under any such ground lease or any lender holding any such mortgage or deed of trust shall advise Landlord that it desires or requires this Lease to be made prior and superior thereto, then, upon written request of Landlord to Tenant, Tenant shall promptly execute, acknowledge and deliver any and all customary or reasonable documents or instruments which Landlord and such lessor or lender deems necessary or desirable to make this Lease prior thereto. Tenant hereby consents to Landlord's ground leasing the land underlying Building 3 or the Property and/or encumbering Building 3 or the Property as security for future loans on such terms as Landlord shall desire, all of which future ground leases, mortgages or deeds of trust shall be subject to and subordinate to this Lease. However, if any lessor under any such future ground lease or any lender holding such future mortgage or deed of trust shall desire or require that this Lease be made subject to and subordinate to such future ground lease, mortgage or deed of trust, then Tenant agrees, within ten (10) business days after Landlord's written request therefor, to execute, acknowledge and deliver to Landlord any and all documents or instruments requested by Landlord or by such lessor or lender to assure the subordination of this Lease to such future ground lease, mortgage or deed of trust, but only if such lessor or lender agrees in such subordination agreement, in the form attached to this lease as **Exhibit E** or on another recordable form reasonably acceptable to Tenant, not to disturb Tenant's quiet possession of the Leased Premises so long as Tenant is not in default under this Lease (a "**Nondisturbance Agreement**"). If the proposed form of Nondisturbance Agreement is on a different form than the form attached as **Exhibit E**, then Tenant shall not object to any concept included in such other form which is substantially the same as a provision set forth in **Exhibit E**. Landlord shall obtain a Nondisturbance Agreement from its current lender within a reasonable period of time (not to exceed thirty (30) days) after the execution hereof, which Nondisturbance Agreement shall be combined with an agreement to effect the subordination provisions hereof, and which shall be on the form attached hereto as **Exhibit E**. Tenant's failure to execute and deliver such documents or instruments within ten (10) business days after Landlord's request therefor shall be a material default by Tenant under this Lease, and no further notice shall be required under Paragraph 12.1(c) or any other provision of this Lease, and Landlord shall have all of the rights and remedies available to Landlord as Landlord would otherwise have in the case of any other material default by Tenant, it being agreed and understood by Tenant that Tenant's failure to so deliver such documents or instruments in a timely manner could result in Landlord being unable to perform committed obligations to other third parties which were made by Landlord in reliance upon this covenant of Tenant.

13.4 Tenant's Attornment Upon Foreclosure. Tenant shall, upon request, attorn (i) to any purchaser of Building 3 or the Property at any foreclosure sale or private sale conducted pursuant to any security instruments encumbering Building 3 or the Property, (ii) to any grantee or transferee designated in any deed given in lieu of foreclosure of any security interest encumbering Building 3 or the Property, or (iii) to the lessor under an underlying ground lease of the land underlying Building 3 or the Property, should such ground lease be terminated; provided that such purchaser, grantee or lessor recognizes Tenant's rights under this Lease.

13.5 Mortgagee Protection. In the event of any default on the part of Landlord, Tenant will give notice by registered mail to any Lender or lessor under any underlying ground lease who shall have requested, in writing, to Tenant that it be provided with such notice, and Tenant shall offer such Lender or lessor the same notice and cure periods as are provided to Landlord. Landlord will provide Tenant with a copy of any notice of default Landlord receives from any lender of Landlord, ground lessor, or governmental agency.

13.6 Estoppel Certificate. Tenant will, following any request by Landlord, promptly execute and deliver to Landlord an estoppel certificate substantially in form attached as **Exhibit G**, and certifying such other information about this Lease as may be reasonably requested by Landlord, its Lender or prospective lenders, investors or purchasers of Building 3 or the Property. Tenant's failure to execute and deliver such estoppel certificate within ten (10) business days after Landlord's request therefor shall be a material default by Tenant under this Lease, and no further notice shall be required under Paragraph 12.1(c) or any other provision of this Lease, and Landlord shall have all of the rights and remedies available to Landlord as Landlord would otherwise have in the case of any other material default by Tenant, it being agreed and understood by Tenant that Tenant's failure to so deliver such estoppel certificate in a timely manner could result in Landlord being unable to perform committed obligations to other third parties which were made by Landlord in reliance upon this covenant of Tenant. Landlord and Tenant intend that any statement delivered pursuant to this paragraph may be relied upon by any Lender or purchaser or prospective Lender or purchaser of Building 3, the Property, or any interest in them.

13.7 Tenant's Financial Information. Tenant shall, within ten business days after Landlord's request therefor, deliver to Landlord a copy of Tenant's (and any guarantor's) current audited financial statements (including a balance sheet, income statement and statement of cash flow, all prepared in accordance with GAAP), a list of all of Tenant's creditors with current contact information, and any such other information reasonably requested by Landlord regarding Tenant's financial condition; provided, however, that as long as the common stock of Tenant (or if applicable, its assigns permitted pursuant to this Lease or otherwise approved by Landlord in writing) is publicly-traded on a United States national stock exchange, and such information is available as part of Tenant's or such Permitted Transferee's 10-K or 10-Q report filings on the SEC's Edgar website, and such materials are current per SEC filing requirements, then such requirement shall be fulfilled by such filings. Landlord shall be entitled to disclose such financial statements or other information to its Lender, to any present or prospective principal of or investor in Landlord, or to any prospective Lender or purchaser of Building 3, the Property, or any portion thereof or interest therein. Any such financial statement or other information which is marked "confidential" or "company secrets" (or is otherwise similarly marked by Tenant) shall be confidential and shall not be disclosed by Landlord to any third party except as specifically provided in this paragraph, unless the same becomes a part of the public domain without the fault of Landlord.

13.8 Transfer By Landlord. Landlord and its successors in interest shall have the right to transfer their interest in Building 3, the Property, or any portion thereof at any time and to any person or entity. In the event of any such transfer, the Landlord originally named herein (and in the case of any subsequent transfer, the transferor), from the date of such transfer, shall be relieved upon the written assumption thereof by the transferee, of all liability for (i) the performance of the obligations of the

Landlord hereunder which may accrue after the date of such transfer, and (ii) repayment of any unapplied portion of the Security Deposit (upon transferring or crediting the same to the transferee). Tenant shall attorn to any such transferee. After the date of any such transfer, the term "Landlord" as used herein shall mean the transferee of such interest in Building 3 or the Property.

13.9 **Force Majeure**. Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, acts of war, terrorist acts, inability to obtain services, labor, or materials or reasonable substitutes therefor, governmental actions, civil commotions, fire or other casualty, delay in obtaining approvals, building permits and certificates of occupancy within normal time frames, and other causes beyond the reasonable control of the party obligated to perform, except with respect to the obligations imposed with regard to Rent and other charges to be paid by Tenant pursuant to this Lease (collectively, a "**Force Majeure**"), notwithstanding anything to the contrary contained in this Lease, shall excuse the performance of such party for a period equal to any such prevention, delay or stoppage and, therefore, if this Lease specifies a time period for performance of an obligation of either party, that time period shall be extended by the period of any delay in such party's performance caused by a Force Majeure.

13.10 **Notices**. Any notice required or permitted to be given under this Lease other than statutory notices shall be in writing and (i) personally delivered, (ii) sent by United States mail, registered or certified mail, postage prepaid, return receipt requested, or (iii) sent by Federal Express or similar nationally recognized overnight courier service, and in all cases addressed as follows, and such notice shall be deemed to have been given upon the date of actual receipt or delivery (or refusal to accept delivery) at the address specified below (or such other addresses as may be specified by notice in the foregoing manner) as indicated on the return receipt or air bill:

If to Landlord: 1050 Page Mill Road Property, LLC
c/o Sand Hill Property Company
965 Page Mill Road
Palo Alto, California 94304
Attention: Jason Chow

with a copy to: Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.
44 Montgomery Street, 36th Floor
San Francisco, California 94104
Attention: Paul Churchill

If to Tenant: Kodiak Sciences Inc.
1050 Page Mill Road
Palo Alto, California 94304
Attention: John Borgeson, Chief Financial Officer

with a copy to: Sheppard Mullin Richter & Hampton LLP
Four Embarcadero Center, Suite 1700
San Francisco, California 94111
Attention: Doug Van Gessel

Any notice given in accordance with the foregoing shall be deemed received upon actual receipt or refusal to accept delivery. Any notice required by statute and not waived in this Lease shall be given and deemed received in accordance with the applicable statute or as otherwise provided by law.

13.11 Attorneys' Fees and Costs. In the event any party shall bring any action, arbitration, or other proceeding alleging a breach of any provision of this Lease, or a right to recover rent, to terminate this Lease, or to enforce, protect, interpret, determine, or establish any provision of this Lease or the rights or duties hereunder of either party, the prevailing party shall be entitled to recover from the non-prevailing party as a part of such action or proceeding, or in a separate action for that purpose brought within one year from the determination of such proceeding, reasonable attorneys' fees, expert witness fees, court costs and reasonable disbursements, made or incurred by the prevailing party.

13.12 Definitions. Any term that is given a special meaning by any provision in this Lease shall, unless otherwise specifically stated, have such meaning wherever used in this Lease or in any Addenda or amendment hereto. In addition to the terms defined in Article 1, the following terms shall have the following meanings:

(a) **Real Property Taxes**. The term "**Real Property Tax**" or "**Real Property Taxes**" shall each mean Tenant's Building Share (with respect to clause (i)) and Tenant's Property Share (with respect to clauses (ii) and (iii) below) (each as hereinafter adjusted) of the following (to the extent applicable to any portion of the Lease Term, regardless of when the same are imposed, assessed, levied, or otherwise charged): (i) all taxes, assessments, levies and other charges of any kind or nature whatsoever, general and special, foreseen and unforeseen (including all installments of principal and interest required to pay any general or special assessments for public improvements and any increases resulting from reassessments caused by any change in ownership or new construction), now or hereafter imposed by any governmental or quasi-governmental authority or special district having the direct or indirect power to tax or levy assessments, which are levied or assessed for whatever reason against Landlord's interest in Building 3 or this Lease, or the fixtures, equipment and other property of Landlord that is an integral part of Building 3 and located thereon, or Landlord's business of owning, leasing or managing Building 3 or the gross receipts, income or rentals from Building 3, or based on the amount of public services or public utilities used or consumed (e.g. water, gas, electricity, sewage or waste water disposal) at Building 3, or based on the number of persons employed by tenants of Building 3, the size (whether measured in area, volume, number of tenants or whatever) or the value of Building 3, or the type of use or uses conducted within Building 3, (ii) except as otherwise provided herein, all taxes, assessments, levies and other charges of any kind or nature whatsoever, general and special, foreseen and unforeseen (including all installments of principal and interest required to pay any general or special assessments for public improvements and any increases resulting from reassessments caused by any change in ownership or new construction), now or hereafter imposed by any governmental or quasi-governmental authority or special district having the direct or indirect power to tax or levy assessments, which are levied or assessed for whatever reason against the Property and/or the Common Areas (but without duplication of amounts payable on account of clause (i) above) other than Development Costs (as defined in Paragraph 13.12(c) below), and (iii) all charges, levies or fees imposed by any governmental authority against Landlord by reason of or based upon the use of or number of parking spaces within the Common Areas, the amount of public services or public utilities used or consumed (e.g. water, gas, electricity, sewage or waste water disposal) in the Common Areas (but without duplication of amounts payable on account of clause (i) above), and all costs and fees (including attorneys' fees) reasonably incurred in good faith by Landlord in contesting any Real Property Tax and in negotiating with public authorities as to any Real Property Tax. If, at any time during the Lease Term, the taxation or assessment of the Property prevailing as of the Effective Date of this Lease shall be altered so that in lieu of or in addition to any the Real Property Tax described above there shall be levied, awarded or imposed (whether by reason of a change in the method of taxation or assessment, creation of a new tax or charge, or any

other cause) an alternate, substitute, or additional use or charge (A) on the value, size, use or occupancy of the Property or Landlord's interest therein or (B) on or measured by the gross receipts, income or rentals from the Property, or on Landlord's business of owning, leasing or managing the Property or (C) computed in any manner with respect to the operation of the Property, then any such tax or charge, however designated, shall be included within the meaning of the terms "Real Property Tax" or "Real Property Taxes" for purposes of this Lease. Notwithstanding the foregoing, the terms "Real Property Tax" or "Real Property Taxes" shall not include: (1) estate, inheritance, transfer, gift or franchise taxes of Landlord or the federal or state income tax imposed on Landlord's income from all sources, or any excess profits taxes, sales taxes, franchise taxes, gift taxes, capital stock or capital gains taxes, inheritance and succession taxes, estate taxes, or documentary transfer taxes, f (2) penalties incurred as a result of Landlord's failure to pay taxes or to file any tax or informational returns and other taxes to the extent applicable to Landlord's general or net income (as opposed to rents, receipts or income attributable to operations at the Property), (3) any penalties due to Landlord's late or non-payment of any Real Property Taxes, except to the extent such late or non-payment by Landlord is directly attributable to Tenant's failure to pay Tenant's Share of Real Property Taxes as provided herein, (4) any items that are otherwise a Property Operating Expense so as not to double-count them, (5) any taxes which are otherwise paid by Tenant directly to the taxing authority pursuant to the terms of this Lease, (6) real estate taxes attributable to improvements made to or within other buildings in the Property which consist of tenant improvements or buildings built for other tenants (as opposed to improvements built for the common benefit of all tenants of the Property), (7) fees for transit, housing, schools, open space, child care, arts programs, traffic mitigation measures, environmental impact reports and/or traffic studies, to the extent the foregoing are payable in connection with Landlord's obtaining of the current or future entitlements for the Property, (8) any special taxes or assessments related to any community facilities district or other assessment district relating to future improvements constructed at the Property or in connection with off-site improvements required to be constructed or paid for as the result of construction at the Property, (9) any taxes assessed on the value of improvements in the premises of any other tenant, resident, occupant or user of the Property, (10) any improvement bond or other bond, in each case to the extent arising solely from the redevelopment of the Property by Landlord or its affiliates, (11) any lump sum or prepayment of any item of Real Property Tax that is payable in installments, to the extent that such lump sum or prepayment results in an increase in Tenant's liability for such item of Real Property Taxes in any calendar year over and above what it would have been had such item of Real Property Taxes been paid in installments (for clarity, Landlord will be permitted to include in Real Property Taxes the amount of such item as if it had been paid in installments, including interest at the rate implicit in any permitted installment payment program), or (12) any item of Real Property Tax that is the sole responsibility of another tenant of the Property to pay under its lease).

(b) **Landlord's Insurance Costs**. The term "**Landlord's Insurance Costs**" shall mean Tenant's Property Share of the following (to the extent applicable to any portion of the Lease Term, regardless of when the same are incurred): the costs to Landlord to carry and maintain the policies of fire and property damage insurance for Building 3 and the Property and general liability and any other insurance required or permitted to be carried by Landlord pursuant to Article 9, together with any deductible amounts paid by Landlord upon the occurrence of any insured casualty or loss. Notwithstanding anything to the contrary contained in this Lease, "Landlord's Insurance Costs" shall not include Real Property Taxes (as defined above), Property Maintenance Costs (as defined below), or pollution legal liability insurance (unless obtained due to a default by Tenant under Paragraph 4.11 above). In addition, if Tenant's Share of any earthquake insurance deductible in any calendar year will exceed an amount equal to Two Dollars and 00/100 ($2.00) per square foot of rentable area of the Leased Premises (the "**Annual Earthquake Insurance Deductible Payment Limit**"), then only an amount equal to the Annual Earthquake Insurance Deductible Payment Limit may be included in Tenant's Share of Landlord's Insurance Costs for any calendar year, but Tenant's Share of any portions of such earthquake insurance deductible in excess of the Annual Earthquake Insurance Deductible Payment Limit

shall be carried forward, subject to the same Annual Earthquake Insurance Deductible Payment Limit, for inclusion in Landlord's Insurance Costs in future calendar years throughout the remainder of the Lease Term. In the event any Landlord's Insurance Cost relates solely to Building 3 and not to any other portion of the Property, then Tenant shall pay Tenant's Building Share thereof. In the event the rentable square footage of the Leased Premises or Building 3 is changed, Tenant's Building Share and Tenant's Property Share (as applicable) shall be recalculated so that the aggregate Building Share of all tenants in Building 3 and Property Share of all tenants in the Property shall equal 100%.

(c) **Property Maintenance Costs**. The term "**Property Maintenance Costs**" shall mean professional management fees equal to two percent (2%) of Base Monthly Rent (which may be paid to Landlord or its affiliate), plus Tenant's Building Share of all other costs and expenses (except Landlord's Insurance Costs and Real Property Taxes) paid or incurred by Landlord in protecting, operating, maintaining, repairing and preserving Building 3 and all parts thereof, including without limitation, (i) with respect to any such costs related solely to Building 3, the amortizing portion of any costs incurred by Landlord in the making of any modifications, alterations or improvements required by any governmental authority as provided in Paragraph 6.3(c), which are so amortized during the Lease Term in accordance with Paragraph 6.3(c), and (ii) such other costs as may be paid or incurred with respect to operating, maintaining (including preventive maintenance, repairs and replacements), and preserving Building 3, including but not limited to the electrical, plumbing, and HVAC systems serving Building 3; plus

(ii) without limitation or duplication of the foregoing, Tenant's Property Share of all costs and expenses (except Landlord's Insurance Costs and Real Property Taxes) paid or incurred by Landlord in protecting, operating, maintaining, repairing and preserving the Property (as opposed to just Building 3) and all parts thereof (excluding Building 3 and the Other Buildings); plus

(iii) without limitation or duplication of the foregoing, Tenant's Property Share of all costs and expenses paid or incurred by Landlord in connection with the Ground Lessor's transportation demand management program as in effect from time to time.

(d) **Property Operating Expenses**. The term "**Property Operating Expenses**" shall mean and include all Real Property Taxes, plus all Landlord's Insurance Costs, plus all Property Maintenance Costs. Notwithstanding the provisions of Paragraph 13.12(c), the following are specifically excluded from the definition of Property Operating Expenses and Tenant shall have no obligation to pay directly or reimburse Landlord for all or any portion of the following except to the extent any of the following are caused by the actions or inactions of Tenant, or result from the failure of Tenant to comply with the terms of this Lease:

(i)Landlord's non-cash charges, such as depreciation (except for the amortization of capital or other items to the extent provided for in this Lease),

(ii)any payments of points, interest or principal relating to any debt secured by the Leased Premises,

(iii)costs associated with the operation of the business of the ownership or entity which constitutes "Landlord" (as distinguished from the costs of Leased Premises operations), including, but not limited to, partnership accounting and legal matters, accounting, payroll, legal and computer services, costs of defending any lawsuits with any mortgagee, costs of selling, syndicating, financing, mortgaging or hypothecating any of Landlord's interest in the Leased Premises, costs of any disputes between Landlord and its employees (if any) whether or not engaged in Leased Premises operation, or outside fees paid in connection with disputes with other tenants,

(iv)legal fees, space planners' fees, real estate brokers' leasing commissions, and advertising expenses incurred in connection with leasing of the Leased Premises,

(v)costs for which Landlord is reimbursed by its insurance carrier or any tenant's insurance carrier or which would have been reimbursed if Landlord maintained the insurance which Landlord was required to maintain pursuant to the terms of this Lease,

(vi)any bad debt loss, rent loss or reserves for bad debts or rent loss,

(vii)any interest or late fee resulting from any failure of Landlord to pay any item of Property Operating Expenses when it would have been due without such interest or late fee,

(viii)overhead and profit increment paid to Landlord or to subsidiaries or affiliates of Landlord for such services in the Leased Premises to the extent the same exceeds the costs of such services rendered by unaffiliated third parties on a competitive basis (but the foregoing shall not limit Tenant's obligation to pay the Management Fee described in Paragraph 13.12(b) above),

(ix)costs of repairs or rebuilding necessitated by condemnation except as otherwise provided in this Lease, or the portion(s) of any insurance deductibles that are excluded in Paragraph 13.12(b)(i) above (but the same shall be carried forward as therein provided),

(x)space planning fees and commissions,

(xi)expenses for repairs, replacements or improvements to the extent such expenses are reimbursed by warranties from contractors, manufacturers or suppliers, or are otherwise borne by parties other than Landlord,

(xii)costs incurred due to Landlord's violation of any terms and conditions of this Lease, any other lease or occupancy agreement at the Property, any contract or agreement relating to the Property or any part thereof (including Restrictions), or of any law, ordinance or governmental rule or regulation affecting Building 3,

(xiii)costs of repairs or other work occasioned by casualty (to the extent the cost of the repairs is reimbursed by insurance or would have been reimbursed if Landlord maintained the insurance which Landlord was required to maintain pursuant to the terms of this Lease),

(xiv)costs incurred to remove, remedy, contain or treat any Hazardous Materials, except to the extent that such costs arise in the ordinary course of maintenance of an office building campus in the general locale of the Property or result from the acts or omissions of Tenant or any of Tenant's Parties; provided, however, that nothing herein shall be deemed to modify or lessen the obligations of Tenant pursuant to Paragraph 4.11 of this Lease,

(xv)reserves of any kind,

(xvi)costs of rentals for items which if purchased, rather than rented, would constitute a capital improvement or equipment;

(xvii)"**Development Costs**," defined herein to mean the following costs, expenses and fees to the extent incurred in connection with the initial construction, entitlement and development of the Property: (A) all fees and costs attributable to compliance with Landlord's conditions of approval for the Property (e.g., mitigation fees, impact fees, subsidies, tap-in fees, development fees,

connection fees or similar one-time charges or costs (however characterized)), (B) lump sum assessments or payments under any public or private infrastructure payment districts, (C) costs of traffic studies, transportation management reports, and establishment of transportation management plans, and (D) environmental impact reports, except that Property Maintenance Costs shall include (or such costs may be charged directly to Tenant, if applicable) any on-going operational costs incurred by Landlord that are set forth in Landlord's entitlements, permits or other approvals for the development of the Property, including but not limited to transportation management plans and/or the conditions of approval and development agreement therefor, or any such ongoing operational costs of any future programs or requirements which are either referenced in such entitlements, permits or approvals or which are a logical evolution thereof and are subsequently required by the governmental agencies implementing such entitlements, permits or approvals,

(xviii)any payments under a ground lease relating to the Property, Building 3, or the Leased Premises,

(xix)costs, including permit, license and inspection costs, incurred with respect to the installation of other tenants' or other occupants' improvements made for other tenants or other occupants at the Property or incurred in renovating or otherwise improving, decorating, painting or redecorating space (excluding Common Areas) for tenants or other occupants of the Property,

(xx)any assessment and premiums for time periods other than the Lease Term (but overlapping assessment or premium periods may be prorated and the amounts allocable to the Lease Term shall be included in Property Operating Costs),

(xxi)marketing and promotional costs, including but not limited to leasing commissions, real estate brokerage commissions, and attorneys' fees in connection with the negotiation and preparation of letters, deal memos, letters of intent, leases, subleases and/or assignments, space planning costs, and other costs and expenses incurred in connection with lease, sublease and/or assignment negotiations and transactions with present or prospective tenants or other occupants of the Property, including Tenant (but no costs arising from Article 7 shall be excluded by this subparagraph),

(xxii)costs of services, utilities, or other benefits which are not offered to Tenant or for which Tenant is charged for directly but which are provided to another tenant or occupant of the Property, including, but not limited to, above Building standard heating, ventilation and air-conditioning, and janitorial services,

(xxiii)all items and services for which Tenant or any other tenant at the Property reimburses Landlord or pays directly (as opposed to paying the same through Tenant's Building Share or Tenant's Property Share or any other tenant's share of Property Operating Costs), including electric power or other utility costs for which any tenant directly contracts with the local public service company,

(xxiv)advertising and promotional expenditures, including but not limited to tenant newsletters and Property or Building promotional gifts, events or parties for existing or potential future occupants, and the costs of signs (other than the Building 3 directory) in or on the Property identifying the owner of Building 3 or other tenants' signs;

(xxv)any cost or expense arising solely in connection with the initial entitlement, development, and construction of the Other Buildings on the Property;

(xxvi)any cost which is expressly excluded from Property Operating Expenses, Real Property Taxes, or Property Maintenance Costs pursuant to a different provision of this Lease.

(xxvii)costs, other than those incurred in ordinary maintenance and repair, for sculpture, paintings, fountains or other objects of art,

(xxviii)costs (including in connection therewith all attorneys' fees and costs of settlement judgments and payments in lieu thereof) arising from claims, disputes or potential disputes in connection with potential or actual claims, litigation or arbitrations pertaining to Landlord and/or Building 3, and/or the Property;

(xxix)the cost of any work or services performed for any tenant (including Tenant) at such tenant's cost for which Landlord has been reimbursed,

(xxx)payments to Landlord or to subsidiaries or affiliates of Landlord for services in Building 3 to the extent the same exceeds the fair market costs of such services rendered by unaffiliated comparable third parties (but the foregoing shall not limit Tenant's obligation to pay the Management Fee described in Paragraph 13.12(b) above),

(xxxi)the cost of any parties, ceremonies or other events for tenants, Landlord, Landlord's affiliates or third parties, whether conducted in Building 3, the Property or in any other location;

(xxxii)costs incurred by Landlord in connection with rooftop communications equipment of Landlord or other persons, tenants or occupants on Building 3 or the Property (other than Tenant of other occupants of Building 3);

(xxxiii) "takeover" expenses, including, but not limited to, the expenses incurred by Landlord with respect to space located in another building of any kind or nature in connection with the leasing of space in Building 3,

(xxxiv)any costs, fees, dues, contributions or similar expenses for industry associations or similar organizations, and Landlord's charitable or political contributions,

(xxxv)any costs associated with the purchase or rental or furniture, fixtures or equipment for any management, security, engineering, or other offices associated with the Property and Common Areas or for Landlord's offices or the offices of other landlords of the Property or for the Common Areas of Building 3 or Property,

(xxxvi) wages, fees, operating expenses and taxes incurred in connection with the ownership, management and operation of commercial concessions operated by Landlord,

(xxxvii)the entertainment expenses and travel expenses of Landlord, its employees, agents, partners and affiliates,

(xxxviii)any costs for which Landlord has been reimbursed or receives a credit or refund or to the extent of any discount, provided if Landlord receives the same in connection with any costs or expenditures previously included in Property Operating Expenses for an expense year, Landlord shall promptly reimburse Tenant for any overpayment for such previous expense year; and

(xxxix)all items and services for which Tenant or any other tenant at the Property reimburses Landlord or pays directly (as opposed to paying the same through Tenant's Building Share or Tenant's Property Share or any other tenant's share of Property Operating Costs), including electric power or other utility costs for which any tenant directly contracts with the local public service company,

(xl)the costs of obtaining any initial LEED certification of Building 3; provided, however, that nothing herein shall be deemed to prevent Landlord from including in Property Operating Costs any subsequent costs of complying with the operational requirements of that LEED certification,

(xli)the cost of complying with the representations and warranties of Landlord under this Lease or any exhibit thereto,

(xlii)costs associated with the business of the partnership or entity which constitutes the Landlord, as the same are distinguished from the costs of operation of the Property, including, without limitation, costs of partnership/entity accounting and legal matters, costs of defending ay lawsuits with any mortgagee, costs of selling, syndicating, financing, mortgaging or hypothecating any of the Landlord's interest in the Property or subdividing the Property, costs incurred in connection with any disputes between Landlord and its employees, between Landlord and the Property management, or between Landlord and other tenants or occupants, and costs incurred due to violation by Landlord of the terms and condition of any lease of space in the Property or any other obligations of Landlord,

(xliii)the wages and benefits of any employee who does not devote substantially all of his or her employed time to the Property unless such wages and benefits are prorated to reflect time spent on operating and managing the Property vis a vis time spent on matters unrelated to operating and managing the Property; provided, that in no event shall Property Maintenance Costs for purposes of this Lease include wages and/or benefits attributable to personnel above the level of property manager,

(xliv)any costs expressly excluded from Property Maintenance Costs elsewhere in this Lease or the exhibits hereto, and

(xlv)costs arising from the gross negligence or willful misconduct of Landlord or its agents, employees, vendors, contractors or providers of materials or services.

It is understood that Property Maintenance Expenses shall be calculated net of all cash discounts, trade discounts, or quantity discounts received by Landlord or Landlord's managing agent in the purchase of any goods, utilities, or services which are the basis of the specific Property Maintenance Expense. In the calculation of any expenses hereunder, it is understood that after giving effect to the provisions of Paragraph 3.3 above, Landlord will not charge Tenant more than one hundred percent (100%) of any Property Maintenance Expenses due hereunder. Landlord and Tenant also agree that it is their intention that no Property Maintenance Expenses (or exclusions therefrom) be duplicated.

(e) **Law**. The term "**Law**" or "**Laws**" shall mean any judicial decisions and any statute, constitution, ordinance, resolution, regulation, rule, code, administrative order, condition of approval, or other requirements of any municipal, county, state, federal, or other governmental agency or authority having jurisdiction over the parties to this Lease, the Leased Premises, Building 3 or the Property, or any of them, in effect either at the Effective Date of this Lease or at any time during the Lease Term, including, without limitation, any regulation, order, or policy of any quasi-official entity or body (e.g. a board of fire examiners or a public utility or special district). Except to the extent otherwise

expressly provided in this Lease, to the extent any Law or Restriction places limits on Building 3 or any portion thereof, or on the Property or any portion thereof, such limits shall be equitably allocated to the Leased Premises pro rata in the same proportion that the rentable square footage of the Leased Premises bears to the rentable square footage of the applicable Building or portion thereof, or the Property or portion thereof, as applicable.

(f) **Lender**. The term "**Lender**" shall mean the holder of any promissory note or other evidence of indebtedness secured by the Property or any portion thereof.

(g) **Rent**. The term "**Rent**" shall mean collectively Base Monthly Rent and all Additional Rent.

(h) **Restrictions**. The term "**Restrictions**" shall mean the covenants, conditions and restrictions, private agreements, easements, and any other recorded documents or instruments affecting the use of the Property, Building 3, the Leased Premises, or the Common Areas as of the Effective Date of this Lease and any future covenants, conditions and restrictions, private agreements, easements, and any other recorded documents or instruments which (i) are created or caused by an act or neglect or Tenant, or (ii) are consented to in writing by Tenant, which consent shall not be unreasonably withheld, or (iii) are imposed by the Ground Lessor or another governmental or quasi-governmental (e.g., assessment district) entity with the power to impose same, or (iv) do not materially interfere with the use or occupancy of the Leased Premises for the conduct of Tenant's business, materially increase Tenant's costs under this Lease or in connection with the use and occupancy of the Leased Premises.

13.13 General Waivers. One party's consent to or approval of any act by the other party requiring the first party's consent or approval shall not be deemed to waive or render unnecessary the first party's consent to or approval of any subsequent similar act by the other party. No waiver of any provision hereof, or any waiver of any breach of any provision hereof, shall be effective unless in writing and signed by the waiving party. The receipt by Landlord of any rent or payment with or without knowledge of the breach of any other provision hereof shall not be deemed a waiver of any such breach. No waiver of any provision of this Lease shall be deemed a continuing waiver unless such waiver specifically states so in writing and is signed by both Landlord and Tenant. No delay or omission in the exercise of any right or remedy accruing to either party upon any breach by the other party under this Lease shall impair such right or remedy or be construed as a waiver of any such breach theretofore or thereafter occurring. The waiver by either party of any breach of any provision of this Lease shall not be deemed to be a waiver of any subsequent breach of the same or any other provisions herein contained.

13.14 Miscellaneous. Should any provisions of this Lease prove to be invalid or illegal, such invalidity or illegality shall in no way affect, impair or invalidate any other provisions hereof, and such remaining provisions shall remain in full force and effect. Time is of the essence with respect to the performance of every provision of this Lease in which time of performance is a factor. Any copy of this Lease which is executed by the parties shall be deemed an original for all purposes. This Lease shall, subject to the provisions regarding assignment, apply to and bind the respective heirs, successors, executors, administrators and assigns of Landlord and Tenant. The term "party" shall mean Landlord or Tenant as the context implies. If Tenant consists of more than one person or entity, then all members of Tenant shall be jointly and severally liable hereunder. If this Lease is signed by an individual "doing business as " or "dba" another person or entity or entity name, the individual who signs this Lease will be deemed to be the Tenant hereunder for all purposes. Submission of this Lease for review, examination or signature by Tenant does not constitute an offer to lease, a reservation of or an option for lease, or a binding agreement of any kind, and notwithstanding any inconsistent language contained in any other document, this Lease is not effective as a lease or otherwise until execution and delivery by both Landlord and Tenant, and prior to such mutual execution and delivery, neither party shall have any obligation to

negotiate and may discontinue discussions and negotiations at any time for any reason or no reason. This Lease shall be construed and enforced in accordance with the Laws of the State in which the Leased Premises are located. The headings and captions in this Lease are for convenience only and shall not be construed in the construction or interpretation of any provision hereof. When the context of this Lease requires, the neuter gender includes the masculine, the feminine, a partnership, corporation, limited liability company, joint venture, or other form of business entity, and the singular includes the plural. The terms “must,” “shall,” “will,” and “agree” are mandatory. The term “may” is permissive. The term “governmental agency” or “governmental authority” or similar terms shall include, without limitation, all federal, state, city, local and other governmental and quasi-governmental agencies, authorities, bodies, boards, etc., and any party or parties having enforcement rights under any Restrictions. When a party is required to do something by this Lease, it shall do so at its sole cost and expense without right of reimbursement from the other party unless specific provision is made therefor. Where Landlord’s consent is required hereunder, the consent of any Lender shall also be required to the extent required by the applicable loan documents. Landlord and Tenant shall both be deemed to have drafted this Lease, and the rule of construction that a document is to be construed against the drafting party shall not be employed in the construction or interpretation of this Lease. Where Tenant is obligated not to perform any act or is not permitted to perform any act, Tenant is also obligated to restrain the Tenant Parties from performing such act. Landlord shall not become or be deemed a partner or a joint venturer with Tenant by reason of any of the provisions of this Lease. This Lease may be executed in counterparts; all executed counterparts shall constitute one agreement, and each counterpart shall be deemed an original.

13.15 Patriot Act Compliance. Tenant acknowledges that Tenant and certain affiliates of Tenant are subject to, and to Tenant’s knowledge, are in compliance with applicable United States laws and regulations relating to anti-money laundering, including the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "**Patriot Act**") and the Bank Secrecy Act, as amended by the Patriot Act (the "**BSA**"), and the sanctions regimes administered by the U.S. Treasury Department’s Office of Foreign Assets Control (collectively, the "**U.S. AML Laws and Regulations**"). Tenant represents and warrants that, in order to facilitate compliance with U.S. AML Laws and Regulations, a written anti-money laundering prevention program reasonably designed to comply with the requirements of U.S. AML Laws and Regulations has been developed and implemented with respect to Tenant.

ARTICLE 14
LEGAL AUTHORITY
BROKERS AND ENTIRE AGREEMENT

14.1 Legal Authority. Each individual executing this Lease on behalf of Tenant represents and warrants that Tenant is validly formed and duly authorized and existing, that Tenant is qualified to do business in the State in which the Leased Premises are located, that Tenant has the full right and legal authority to enter into this Lease, and that he or she is duly authorized to execute and deliver this Lease on behalf of Tenant in accordance with its terms. Tenant shall, no later than July 15, 2020, deliver to Landlord a certified copy of the resolution of its board of directors authorizing or ratifying the execution of this Lease.

14.2 Brokers. Tenant represents, warrants and agrees that it has not had any dealings with any real estate broker(s), leasing agent(s), finder(s) or salesmen, with respect to the lease by it of the Leased Premises pursuant to this Lease, and that it will indemnify, defend with competent counsel, and hold Landlord harmless from any liability for the payment of any real estate brokerage commissions, leasing commissions or finder’s fees claimed by any other real estate broker(s), leasing agent(s), finder(s), or salesmen to be earned or due and payable by reason of Tenant’s agreement or promise (implied or

otherwise) to pay (or to have Landlord pay) such a commission or finder's fee by reason of its leasing the Leased Premises pursuant to this Lease.

14.3 **Entire Agreement**. This Lease and the Exhibits (as described in Article 1), which Exhibits are by this reference incorporated herein, constitute the entire agreement between the parties, and there are no other agreements, understandings or representations between the parties relating to the lease by Landlord of the Leased Premises to Tenant, except as expressed herein. No subsequent changes, modifications or additions to this Lease shall be binding upon the parties unless in writing and signed by both Landlord and Tenant.

14.4 **Landlord's Representations**. Tenant acknowledges that neither Landlord nor any of its agents made any representations or warranties respecting the Property, Building 3 or the Leased Premises, upon which Tenant relied in entering into the Lease, which are not expressly set forth in this Lease. Tenant further acknowledges that neither Landlord nor any of its agents made any representations as to (i) whether the Leased Premises may be used for Tenant's intended use under existing Law, or (ii) the suitability of the Leased Premises for the conduct of Tenant's business, or (iii) the exact square footage of the Leased Premises or Building 3, and that Tenant relies solely upon its own investigations with respect to such matters. Tenant expressly waives any and all claims for damage by reason of any statement, representation, warranty, promise or other agreement of Landlord or Landlord's agent(s), if any, not contained in this Lease or in any exhibit attached hereto.

ARTICLE 15
OPTIONS TO EXTEND

15.1 **Option to Extend**. So long as Kodiak Sciences Inc., a Delaware corporation (or an assignee of Tenant in compliance with the requirements of Article 7 above) is the Tenant hereunder, and subject to the conditions set forth in subparagraphs (a), (b), and (c) below, Tenant shall have one (1) option to extend the term of this Lease with respect to the entirety of the Leased Premises for a period of six and one-half (6½) years from the expiration of the initial, unextended Lease Term (the "**Initial Extension Period"**), subject to the following conditions:

(a) The applicable option to extend shall be exercised, if at all, by notice of exercise given to Landlord by Tenant not more than fifteen (15) months nor less than nine (9) months prior to the expiration of the initial, unextended Lease Term; and

(b) Anything herein to the contrary notwithstanding, if Tenant is in default beyond any applicable notice and cure period under any of the terms, covenants or conditions of this Lease, Landlord shall have, in addition to all of Landlord's other rights and remedies provided in this Lease, the right to terminate such option to extend upon notice to Tenant.

15.2 **Fair Market Rent**. If the option is exercised in a timely fashion, the Lease shall be extended for the term of the Initial Extension Period upon all of the terms and conditions of this Lease, provided that the Base Monthly Rent for the Initial Extension Period shall be 95% of the Fair Market Rent for the Leased Premises, increased as set forth below. For purposes hereof, "**Fair Market Rent**" shall be the initial Base Monthly Rent for the Initial Extension Period and any escalations thereto, as determined with reference to the then-prevailing rates for recently negotiated office leases in similar Class A office buildings in the City of Palo Alto, pursuant to the process described below. The then fair market value of any modifications, alterations or improvements made by Tenant to the Leased Premises at Tenant's expense and which are generally usable for other occupants shall not be taken into consideration in determining Fair Market Rent.

15.3 **Tenant's Election**. Within thirty (30) days after receipt of Tenant's notice of exercise, Landlord shall notify Tenant in writing of Landlord's estimate of the Base Monthly Rent for the Initial Extension Period, based on the provisions of Paragraph 15.2 above. Within thirty (30) days after receipt of such notice from Landlord, Tenant shall have the right either to (i) accept Landlord's statement of Base Monthly Rent as the Base Monthly Rent for the Initial Extension Period; or (ii) elect to arbitrate Landlord's estimate of Fair Market Rent which was the basis for Landlord's determination of Base Monthly Rent, such arbitration to be conducted pursuant to the provisions hereof. Failure on the part of Tenant to require arbitration of Fair Market Rent within such 30 day period shall constitute acceptance of the Base Monthly Rent for the Initial Extension Period as calculated by Landlord. If Tenant elects arbitration, the arbitration shall be concluded within 90 days after the date of Tenant's election, subject to extension for an additional 30 day period if a third arbitrator is required and does not act in a timely manner. To the extent that arbitration has not been completed prior to the expiration of any preceding period for which Base Monthly Rent has been determined, Tenant shall pay Base Monthly Rent at the rate calculated by Landlord, with the potential for an adjustment to be made once Fair Market Rent is ultimately determined by arbitration.

15.4 **Rent Arbitration**. In the event of arbitration, the judgment or the award rendered in any such arbitration may be entered in any court having jurisdiction and shall be final and binding between the parties. The arbitration shall be conducted and determined in Santa Clara County in accordance with the then prevailing rules of JAMS or its successor for arbitration of commercial disputes except to the extent that the procedures mandated by such rules shall be modified as follows:

(a) Tenant shall make demand for arbitration in writing within thirty (30) days after service of Landlord's determination of Fair Market Rent given under Paragraph 15.3 above, specifying therein the name and address of the person to act as the arbitrator on its behalf. The arbitrator shall be qualified as a real estate appraiser familiar with the Fair Market Rent of similar Class A office space in Palo Alto who would qualify as an expert witness over objection to give opinion testimony addressed to the issue in a court of competent jurisdiction. Failure on the part of Tenant to make a proper demand in a timely manner for such arbitration shall constitute a waiver of the right thereto. Within fifteen (15) days after the service of the demand for arbitration, Landlord shall give notice to Tenant, specifying the name and address of the person designated by Landlord to act as arbitrator on its behalf who shall be similarly qualified. If Landlord fails to notify Tenant of the appointment of its arbitrator, within or by the time above specified, then the arbitrator appointed by Tenant shall be the arbitrator to determine the issue.

(b) In the event that two arbitrators are chosen pursuant to Paragraph 15.4(a) above, the arbitrators so chosen shall, within fifteen (15) days after the second arbitrator is appointed determine the Fair Market Rent. If the two arbitrators shall be unable to agree upon a determination of Fair Market Rent within such 15 day period, they, themselves, shall appoint a third arbitrator, who shall be a competent and impartial person with qualifications similar to those required of the first two arbitrators pursuant to Paragraph 15.4(a). In the event they are unable to agree upon such appointment within seven days after expiration of such 15 day period, the third arbitrator shall be selected by the parties themselves, if they can agree thereon, within a further period of fifteen (15) days. If the parties do not so agree, then either party, on behalf of both, may request appointment of such a qualified person by the then Presiding Judge of the California Superior Court having jurisdiction over the County of Santa Clara, and the other party shall not raise any question as to such Judge's full power and jurisdiction to entertain the application for and make the appointment. The three arbitrators shall decide the dispute if it has not previously been resolved by following the procedure set forth below.

(c) Where an issue cannot be resolved by agreement between the two arbitrators selected by Landlord and Tenant or settlement between the parties during the course of arbitration, the issue shall be resolved by the three arbitrators within 15 days of the appointment of the third arbitrator in

accordance with the following procedure. The arbitrator selected by each of the parties shall state in writing his determination of the Fair Market Rent supported by the reasons therefor with counterpart copies to each party. The arbitrators shall arrange for a simultaneous exchange of such proposed resolutions. The role of the third arbitrator shall be to select which of the two proposed resolutions most closely approximates his determination of Fair Market Rent. The third arbitrator shall have no right to propose a middle ground or any modification of either of the two proposed resolutions. The resolution he chooses as most closely approximating his determination shall constitute the decision of the arbitrators and be final and binding upon the parties.

(d) In the event of a failure, refusal or inability of any arbitrator to act, his successor shall be appointed by him, but in the case of the third arbitrator, his successor shall be appointed in the same manner as provided for appointment of the third arbitrator. The arbitrators shall decide the issue within fifteen (15) days after the appointment of the third arbitrator. Any decision in which the arbitrator appointed by Landlord and the arbitrator appointed by Tenant concur shall be binding and conclusive upon the parties. Each party shall pay the fee and expenses of its respective arbitrator and both shall share the fee and expenses of the third arbitrator, if any, and the attorneys' fees and expenses of counsel for the respective parties and of witnesses shall be paid by the respective party engaging such counsel or calling such witnesses.

(e) The arbitrators shall have the right to consult experts and competent authorities to obtain factual information or evidence pertaining to a determination of Fair Market Rent, but any such consultation shall be made in the presence of both parties with full right on their part to cross examine. The arbitrators shall render their decision and award in writing with counterpart copies to each party. The arbitrators shall have no power to modify the provisions of this Lease.

15.5 Additional Options to Extend. So long as Kodiak Sciences Inc., a Delaware corporation (or an assignee of Tenant in compliance with the requirements of Article 7 above) is the Tenant hereunder and has previously exercised its option with respect to the Initial Extension Term pursuant to Paragraph 15.1 above, and subject to the conditions set forth in subparagraphs (a), (b), and (c) below, Tenant shall have two (2) options to extend the term of this Lease beyond the Initial Extension Term with respect to the entirety of the Leased Premises, the first (the "**First Extension Period**") being for a period of five (5) years from the expiration of the Initial Extension Term, and the second (the "**Second Extension Period**") being for a period of five (5) years from the expiration of the First Extension Period, subject to the following conditions:

(a) The applicable option to extend shall be exercised, if at all, by notice of exercise given to Landlord by Tenant not more than fifteen (15) months nor less than nine (9) months prior to the expiration of the Initial Extension Term or the First Extension Period, as applicable; and

(b) Anything herein to the contrary notwithstanding, if Tenant is in default beyond any applicable notice and cure period under any of the terms, covenants or conditions of this Lease, Landlord shall have, in addition to all of Landlord's other rights and remedies provided in this Lease, the right to terminate such option(s) to extend upon notice to Tenant.

15.6 Extension Period Rent. If an option is exercised in a timely fashion, the Lease shall be extended for the term of the applicable Extension Period upon all of the terms and conditions of this Lease, provided that the Base Monthly Rent: (a) for each of the first twelve (12) months of the First Extension Period shall equal one hundred three percent (103%) of the Base Monthly Rent in effect on the last day of the Initial Extension Term, and shall similarly be increased by three percent (3%) annually throughout the first Extension Period, and (b) for each of the first twelve (12) months of the Second Extension Period shall equal one hundred three percent (103%) of the Base Monthly Rent in effect on the

last day of the First Extension Period, and shall similarly be increased by three percent (3%) annually throughout the second Extension Period.

ARTICLE 16
TELECOMMUNICATIONS

16.1 Telecommunications. Notwithstanding any other provision of this Lease to the contrary:

(a) Landlord shall have no responsibility for providing to Tenant any telecommunications equipment of any kind, including but not limited to wiring and cabling, within the Leased Premises or for providing telephone or telecommunications service or connections from the utility to the Leased Premises; and

(b) Landlord makes no warranty as to the quality, continuity or availability of the telecommunications services in the Building, and Tenant hereby waives any claim against Landlord for any actual or consequential damages (including damages for loss of business) in the event Tenant's telecommunications services in any way are interrupted, damaged or rendered less effective, except to the extent caused by the active gross negligence or willful misconduct of Landlord, its agents or employees. Tenant accepts the telecommunications equipment in its "AS-IS" condition, and Tenant shall be solely responsible for contracting with a reliable third party vendor to assume responsibility for the maintenance and repair thereof (which contract shall contain provisions requiring such vendor to meet local and federal requirements for telecommunications material and workmanship). Landlord shall not be liable to Tenant and Tenant waives all claims against Landlord whatsoever, whether for personal injury, property damage, loss of use of the Leased Premises, or otherwise, due to the interruption or failure of telecommunications services to the Leased Premises.

ARTICLE 17
EXISTING FF&E

17.1 Furniture, Fixtures and Equipment. Landlord and Tenant acknowledge that the current tenant of the Leased Premises will be surrendering certain improvements, furniture, fixtures and equipment in the Leased Premises upon its departure therefrom. Such material is referred to herein as the "**Surrendered FF&E**". Landlord and Tenant agree, within ten (10) days after the Effective Date of this Lease, to inspect the Leased Premises together, at which time Tenant shall inform Landlord what items from the Surrendered FF&E Tenant desires to remain at the Leased Premises as of the Lease Commencement Date (the "**Remaining FF&E**") and which Existing FF&E items should be removed prior to the Lease Commencement Date (the "**Removed FF&E**"). Landlord, at no expense to Tenant, shall remove the Removed FF&E from the Leased Premises prior to the Lease Commencement Date. Tenant shall be entitled to use the Remaining FF&E at the Leased Premises throughout the Lease Term and shall surrender the Remaining FF&E to Landlord in its then-existing condition upon the expiration or earlier termination of this Lease. In no event shall Tenant be required to maintain or repair any of the Remaining FF&E or remove any of the Remaining FF&E from the Leased Premises at any time during, or upon the expiration or earlier termination of, the Lease Term.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the respective dates below set forth with the intent to be legally bound thereby as of the Effective Date of this Lease first above set forth.

LANDLORD:

1050 PAGE MILL ROAD PROPERTY, LLC, a Delaware limited liability company

Dated: June 19, 2020

By: /s/ Peter Pau
a Peter Pau,
its Manager

TENANT:

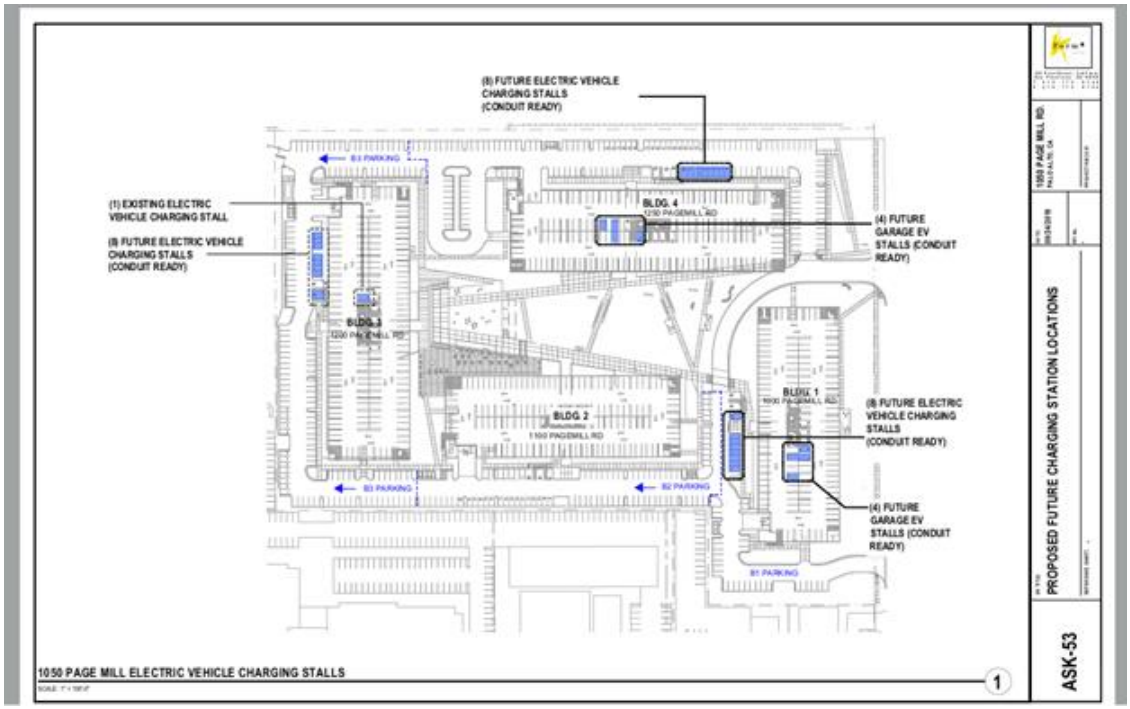
KODIAK SCIENCES INC., a Delaware corporation

Dated: June 19, 2020

By: /s/ John Borgeson
Name: John Borgeson
Title: Senior Vice President and Chief Financial Officer

SCHEDULE 1

PARKING



SCHEDULE 2

GROUND LEASE

[follows this page]

LEASE

(Buildings 2&3)

THIS LEASE is made and entered into as of this 25 day of June, 1998, but is effective as of the 28th day of December, 1955, by and between THE BOARD OF TRUSTEES OF THE LELAND STANFORD JUNIOR UNIVERSITY, a body having corporate powers under the laws of the State of California, Party of the First Part, hereinafter referred to as "Lessor," and BECKMAN COULTER, INC., a Delaware corporation (formerly Beckman Instruments, Inc.), Party of the Second Part, hereinafter referred to as "Lessee,"

W I T N E S S E T H:

WHEREAS, Lessor is the owner of the hereinafter described property located within the City of Palo Alto, County of Santa Clara, State of California; and

WHEREAS, pursuant to that certain Lease dated December 28, 1955 as subsequently amended on May 15, 1957 (as so amended, the "Original Lease"), Lessor has heretofore leased such property and certain additional property adjacent thereto to Lessee.

WHEREAS, the within Lease is intended to be a continuation and restatement of the Original Lease, but only as to the property described herein, and is being entered into solely for the purpose of splitting the property leased under the Original Lease into two portions.

WHEREAS, Lessor and Lessee are desirous of leasing the hereinafter described property pursuant to the within Lease and leasing such adjacent property pursuant to a separate lease to be executed concurrently herewith.

NOW, THEREFORE, it is mutually agreed by and between the parties as follows:

1. Description of Property and Term.

For and in consideration of the rent prescribed herein and of the faithful performance by Lessee of the other terms, covenants, agreements and conditions herein contained on the part of Lessee to be kept and performed, Lessor hereby leases unto Lessee and Lessee does hereby hire from Lessor that certain parcel of land being a portion of the grounds of The Leland Stanford Junior University located within the boundaries of the City of Palo Alto, County of Santa Clara, State of California, and more particularly described as follows:

BEGINNING at a concrete highway monument set on the Southwesterly line of EI Camino Real (State Highway) opposite Engineers Station 144 + 27.00 as surveyed by the California Division of Highways as said Southwesterly line was established by that Decree in Condemnation, a certified copy of which Decree was filed for record in the office of the Recorder of the County of Santa Clara, State of California, on July 7, 1930 in Book 520 of Official Records, at page 571, said monument also marks the point of intersection of said Southwesterly line with the Southeasterly line of that certain 1289 acre tract of land described in the Deed from Evelyn C. Crosby, et al, to Leland Stanford, dated September 8, 1885, recorded September 8, 1885 in Book 80 of Deeds, page 382, Santa Clara County Records; running thence North 56° 39’ West along said Southwesterly line of EI Camino Real for a distance of 2784.83 feet; thence leaving said line of El Camino Real, South 33° 21’ West 1585.78 feet; thence North 56° 39’ West 364.11 feet to the true point of beginning of this description; thence from said true point of beginning South 33° 24’ 55” West 589.71 feet to the Southwesterly line of that certain 5.479 acre tract of land described in the Memorandum of Lease executed by and between the Board of Trustees of the Leland Stanford Junior University, Lessor, and Beckman Instruments, Inc., Lessee dated December 28, 1955, recorded January 11, 1956 in Book 3384 of Official Records, page 14, Santa Clara County Records; thence South 56° 39’ East along said Southwesterly line, 364.78 feet to the Southern most comer thereof; thence South 56° 26’ 07” East 305.53 feet; thence South 33° 36’ 20” West 148.13 feet; thence South 56° 23’ 40” East 259.62 feet to a point on a line which is parallel with and distant Northwesterly 90.00 feet at right

angles from the center line of Page Mill Road (60.00 feet in width), thence North 33° 28’ 37” East along said parallel line, 740.15 feet to a point which bears South 56° 39’ East from the true point of beginning; thence North 56° 39’ West 930.24 feet to the true point of beginning.

TOGETHER WITH an easement for the purpose of ingress and egress over a strip of land, 60.00 feet in width, the Northwesterly line of which is more particularly described as follows:

Beginning at the Southernmost corner of the 12.063 acre tract described in the Memorandum of Agreement Adding Additional Lands to Lease executed by and between the Board of Trustees of the Leland Stanford Junior University, Lessor and Beckman Instruments Inc., Lessee dated May 15, 1957, recorded July 1, 1957 in Book 3834 page 181, Santa Clara County Records; thence from said point of beginning North 33° 28’ 37” East along the Southeasterly line of said 12.063 acre tract, 740.15 feet to the Easternmost corner thereof and the terminus of said easement. Said easement of ingress and egress shall cease and terminate forthwith upon notice from Lessor to Lessee that the State of California or other Governmental body (i) has acquired the fee title to the property subject to said easement, (ii) has acquired an interest in said property inconsistent with the use and enjoyment by Lessee of said easement, or (iii) has acquired the right of possession of said property or said easement.

RESERVING THEREFROM an easement 3 feet in width, measured at right angles contiguous with and lying Southwesterly from the Northeasterly line of the herein described parcel for purposes of laying and maintaining water lines and appurtenances.

ALSO RESERVING THEREFROM an easement over a strip of land 10.00 feet in width, contiguous with and lying Southwesterly from the Northeasterly line of said 12.063 acre tract, said easement to extend from the Southeasterly line of California Avenue (66 feet in width) throughout the length of said Northeasterly line and its Southeasterly extension to the Northwesterly line of Page Mill Road (60 feet in width) for purposes of constructing, laying, operating, maintaining, using, altering, repairing, inspecting, replacing and relocating therein and/or removing therefrom a main or mains, pipeline or pipelines, with any and all connections and fixtures necessary or convenient thereto for the transportation and distribution of water.

ALSO RESERVING THEREFROM an easement over a strip of land 6.00 feet in width, the center line of which is more particularly described as follows:

Beginning at a point on the Southeasterly line of California Avenue (66 feet in width) distant thereon North 33° 36’20” East 3.00 feet from the Northernmost corner of that certain 5.479 acre tract of land described in the Memorandum of Lease executed by and between The Board of Trustees of the Leland Stanford Junior University; Lessor, and Beckman Instruments, Inc., Lessee, dated December 28, 1955, recorded January 11, 1956 in Book 3384 Official Records, page 14, Santa Clara County Records; thence from said point of beginning south 56° 31’ 35” East 1289.33 feet to a point in the Northwesterly line of Page Mill Road (60 feet in width) and the terminus of said easement, for purposes of constructing, laying, operating, maintaining, using, altering, repairing, inspecting, replacing and relocating therein and/or removing therefrom a main, or mains, pipeline, or pipelines, with any and all connections and fixtures necessary or convenient thereto for the transportation and distribution of water.

CONTAINING 13.486 acres, more or less, for a term of ninety-nine (99) years, commencing on the 28th day of December, 1955.

2. Rent.

(a) As gross initial rental for the term of this lease, Lessee has previously paid to Lessor the sum of One Hundred Nineteen Thousand Three Hundred Thirty-two and 62/100 Dollars ($119,332.62), receipt whereof is hereby acknowledged by Lessor. In addition to said initial rental, as a part of the consideration for this lease and as additional rent hereunder, Lessee covenants and agrees to bear, pay and discharge promptly to the appropriate governmental authority during the term of this lease as the same become due and before delinquency, (except as provided in paragraph 2(c) hereof), all taxes, assessments, rates, charges, license fees, municipal liens, levies, excises or imposts, whether general or special, or ordinary or extraordinary, of every name, nature and kind whatsoever which may be levied, assessed, charged or imposed upon (i) the land hereby leased or upon Lessor by reason of its ownership of the fee underlying this lease, (but not including any such tax, assessment, charge or other item as may be separately levied or assessed, as aforesaid, upon any right or interest of Lessor reserved under paragraph 19 hereof), (ii) all buildings and improvements constructed or placed upon the leased premises, or (iii) the leasehold of Lessee or any interest or estate of Lessee created by this lease.

(b) All of the aforesaid taxes, assessments, charges, imposts and levies of whatsoever nature which shall relate to a fiscal year during which this lease is executed or in which the term hereof shall terminate shall be pro-rated between Lessor and Lessee and Lessee shall pay only such portion of said taxes, assessments, charges, imposts and levies as shall relate to the portion of the fiscal year represented by the calendar period during which this lease shall be in effect.

(c) If Lessee desires to contest any tax, assessment, charge or other item to be paid by it as above provided, it shall notify Lessor of its intention so to do at least ten (10) days before delinquency thereof. In such case Lessee shall not be in default hereunder, and Lessor shall not pay such tax, assessment, charge or other item until five (5) days after the determination of the validity thereof, within which time Lessee shall pay and discharge such tax, assessment, charge or item to the extent held to be valid and all penalties, interest and costs in connection therewith; but the payment of any such tax, assessment, charge or other item, together with penalties, interest and costs, shall not in any case be delayed until sale is made of the whole or any part of the property hereby leased on account thereof and any such delay shall be a default by Lessee hereunder. In the event of any such contest, Lessee shall protect and indemnify Lessor against all loss, cost, expense and damage resulting therefrom and, upon notice from Lessor so to do, shall furnish Lessor a bond with good and sufficient corporate surety satisfactory to the Lessor in double the amount of the tax, assessment, charge or item contested, conditioned that Lessee shall pay such tax, assessment, charge or other item and all penalties and interest thereon and costs in connection therewith and shall protect and indemnify Lessor as above required.

(d) Lessee shall obtain and deliver to Lessor receipts or duplicate receipts for all taxes, assessments, charges and other items required to be paid by Lessee promptly upon the payment thereof.

(e) If at any time during the term of this lease any governmental subdivision shall undertake to create an improvement or special assessment district the proposed boundaries of which shall include the property leased hereunder, Lessee shall be entitled to appear in any proceeding relating thereto and to exercise all rights of a landowner to have the leased premises excluded from the proposed improvement or special assessment district or to determine the degree of benefit to the leased premises resulting therefrom. However, Lessor retains to itself an independent right, but shall be under no obligation, to appear in any such proceeding for the purpose of seeking inclusion of the leased premises in, or exclusion of the leased premises from, any proposed improvement or special assessment district or of determining the degree of benefit therefrom to the leased premises. The party receiving any notice or other information relating to the proposed creation of any improvement or special assessment district, the proposed boundaries of which include the property leased hereunder, shall promptly advise the other party in writing of such receipt If any tax, assessment, charge, levy or impost made against the leased premises to finance such a special improvement shall be payable in installments over a period of time extending beyond the term of this lease, Lessee shall only be required to pay such installments thereof as shall become due and payable during the term of this lease.

3. Use.

Lessee presently intends to use, and at any time during the term hereof may use, the leased premises, including buildings and improvements constructed thereon, to conduct, operate, and maintain some or all of the following: (i) general business, administrative, and professional activities; (ii) research, experimental, and engineering laboratories; (iii) manufacturing, processing, assembling, and storing of products and materials; and (iv) activities similar or related to those enumerated. In no event, however, shall the leased premises be used

a. for any purpose or use not at the time permitted by the then applicable zoning law or ordinances;

b. for any purpose or use now prohibited or not permitted in M-1 Districts, (Light Industrial Districts), under the present zoning ordinance of the City of Palo Alto, State of California, being Ordinance No. 1324 adopted February 19, 1951, or for any purpose or use permitted in such M-1 Districts only after securing a use permit or a variance or an exception;

c. for any of the following specific purposes:

(1) the manufacture, warehousing, commercial storing, sale or any other dealing in spirituous, vinous, malt or intoxicating or alcoholic beverages of any kind;

(2) theatres or places of amusement or entertainment, including, without limiting the generality of the foregoing, music or dance studios;

(3) sanitarium;

(4) mortuaries;

(5) keeping or raising of animals or fowl, except in reasonable numbers for laboratory experimental purposes;

nor shall the leased premises be used for any purpose or use nor shall any activity be carried on upon the leased premises.

d. which results in the emanation or giving off of offensive gas, smoke, fumes, dust, odors, waste products, noise or vibrations;

e. which in any manner causes, creates or results in a nuisance;

f. which is of a nature that it involves substantial hazard, such as the manufacture or use of explosives, chemicals or products that may explode and the like; provided that Lessee may use commercial gases and chemicals such as natural gas, hydrogen, acetylene, gasoline and the like in quantities and in the manner generally approved in industries not prohibited under the preceding subparagraphs of this paragraph 3.

It is expressly provided that so long as Lessee is not in default it may hold the leased premises, or any part thereof, vacant.

4. Construction of Improvements.

Lessee is hereby granted permission and agrees and covenants, at its own sole cost and expense, to construct upon the leased premises an industrial building and auxiliary structures and to develop the surrounding grounds in or substantially in accordance with general plans and specifications, dated September 27, 1955, and drawings listed in a schedule in said plans and specifications also dated September 27, 1955, with revisions dated November 25, 1955, which have been submitted to and bear the written approval of the Business Manager of Lessor. Lessee shall commence such construction within a reasonable time after the execution of this lease and diligently prosecute to completion such construction.

5. Additional Buildings and Improvements.

Lessee shall have the right after the construction of the improvements provided for in paragraph 4 hereof and during the term of this lease to construct additional buildings or improvements on the leased premises or to make alterations or additions to existing buildings and improvements, including adding a story thereto (but no building on the leased premises shall exceed thirty-five feet in height or have more than two stories above ground), provided, however, that if any project involves the construction of an additional building or structure or a material alteration of exterior design of any existing building or structure, Lessee shall in each such case first submit the general plans and specifications therefor to Lessor, and Lessor shall have thirty (30) days thereafter within which to notify Lessee in writing that it disapproves said plans and specifications because the proposed exterior construction or alteration or improvement is not deemed appropriate in design or engineering construction and if such notice is so given Lessee shall not proceed with construction until the objection of Lessor is remedied, but unless such notice of disapproval is so given, or if Lessor gives its earlier approval in writing of said plans and specifications, Lessee may proceed with construction. Lessor agrees that it shall not unreasonably withhold its approval hereunder.

6. Repairs, Governmental Regulations, Waste, Advertising.

(a) Lessee shall, during the term of this lease, at its own cost and expense, and without any costs or expense to Lessor,

(i) Keep and maintain all buildings and improvements which may be erected on the leased premises, and all appurtenances thereto, including the grounds, sidewalks and roads thereon, in good and neat order and repair and shall restore and rehabilitate any buildings or improvements which may be destroyed or damaged by fire, casualty or other cause, and shall allow no nuisances to exist or be maintained therein. Lessor shall not be obligated to make any repairs, replacements or renewals of any kind, nature or description whatsoever to the leased premises or any buildings or improvements thereon. Lessee hereby waives any right to make repairs, replacements or renewals at the expense of Lessor.

(ii) Comply and abide by all federal, state, county, municipal and other governmental statutes, ordinances, laws and regulations affecting the leased premises, the improvements thereon or any activity or condition on or in said premises.

(b) Lessee agrees that it will not commit or permit waste upon the leased premises other than to the extent necessary for the removal of any buildings or improvements upon said premises for the purpose of constructing and erecting other buildings and improvements thereon.

(c) Lessee agrees not to place any sign or advertisement upon the roof or exterior wall of any building or structure upon the leased premises or erect any advertising sign upon the grounds of the leased premises without having first obtained the consent in writing of Lessor, provided, however, that this restriction shall not be applicable to any sign of reasonable size placed upon a building or structure which only sets forth the name of Lessee and an appropriate legend identifying the particular building or structure. Lessor shall not unreasonably withhold any consent under the provisions of this subparagraph (c), but Lessee agrees that no neon sign and no flashing type sign will be permitted on the premises.

(d) In the event that during the term of this lease any buildings or improvements upon the leased premises shall be destroyed or suffer substantial damage, Lessee shall have the option, in lieu of reconstructing or repairing the buildings or improvements so destroyed or damaged as hereinabove provided to terminate this lease and surrender the leased premises to Lessor, together with the proceeds received from any insurance covering the buildings or improvements destroyed or damaged, provided, however, that if Lessee shall exercise the option herein granted, Lessee shall be obligated, at its sole expense, upon written request of Lessor, to remove completely any buildings or improvements from the leased premises and to restore the land as nearly as possible to the condition existing prior to the construction of such buildings or improvements, but in the event such removal is required, Lessee shall be entitled to pay the costs of such removal out of any proceeds received from insurance prior to remittance of proceeds to Lessor as herein provided. The option of termination herein granted shall be exercisable by notice in writing delivered to Lessor and shall become effective upon redelivery of the premises to Lessor. Notwithstanding any such termination, Lessee shall fully perform any obligation under this lease (except the obligation of reconstruction or repair) relating to an event occurring or circumstance existing prior to the date of redelivery of the premises to Lessor, including the payment of any taxes, assessments or charges which Lessee is obligated to pay under paragraph 2(a) hereof and which may be a lien upon the leased premises at the date of termination.

7. Public Utilities.

All water, gas, electricity or other public utilities used upon or furnished to the leased premises during the term hereof shall be paid for by Lessee.

8. Extensions of Time.

The time during which Lessee is actually and necessarily delayed in (a) commencing or completing the construction of the building described in paragraph 4 hereof, (b) in restoring any buildings or improvements, or (c) in making repairs by any of the following: Lack of required approval by Lessor, fire, earthquake, acts of God, the elements, war or civil disturbance, strikes or other labor disturbances, economic controls making it impossible to obtain in the normal and usual conduct of business the necessary labor or materials, or other matters or conditions beyond the control of Lessee, shall be excluded in determining the reasonable time for commencing or completing the work, as the case may be, but except for such delay, Lessee shall in all cases proceed promptly with the commencement of the work and shall diligently carry it to completion.

9. Mechanics' and Other Liens.

(a) Lessee covenants and agrees to keep all of the leased premises and every part thereof and all buildings and other improvements thereon free and clear of and from any and all mechanics', materialmen's and other liens for work or labor done, services performed, materials, appliances, teams or power contributed, used or furnished to be used in or about said premises for or in connection with any operations of the Lessee, any alteration, improvement or repairs or additions which Lessee may make or permit or cause to be made, or any work or construction, by, for or permitted by Lessee on or about the leased premises, and at all times promptly and fully to pay and discharge any and all claims upon which any such lien may or could be based, and to save and hold the Lessor and all of the leased premises and all buildings and improvements thereon free and harmless of and from any and all such liens and claims of liens and suits or other proceedings pertaining thereto. Lessee covenants and agrees to give Lessor written notice not less than ten (10) days in advance of the commencement of any construction, alteration, addition, improvement or repair costing in excess of Two Thousand Dollars ($2,000) in order that Lessor may post appropriate notices of Lessor's non-responsibility. Lessee further agrees that if so requested by Lessor it will obtain, at its sole expense, a corporate surety bond satisfactory to Lessor sufficient to protect the leased premises against any mechanics', materialmen's or other liens of the type hereinbefore described in this paragraph 9(a).

(b) If Lessee desires to contest any such lien, it shall notify Lessor of its intention so to do within ten (10) days after the filing of such lien. In such case Lessee shall not be in default hereunder, and Lessor shall not satisfy and discharge such lien, until five (5) days after the final determination of the validity thereof, when Lessee shall satisfy and discharge such lien to the extent held valid, but the satisfaction and discharge of any such lien shall not, in any case, be delayed until execution is had upon any judgment rendered thereon, and such delay shall be a default of Lessee hereunder. In the event of any such contest Lessee shall protect and indemnify Lessor against all loss, cost, expense and damage resulting therefrom and, upon receipt of notice so to do, shall furnish Lessor a corporate surety bond satisfactory to Lessor, in double the amount of the lien contested, conditioned that Lessee shall satisfy and discharge such lien and shall protect and indemnify Lessor as herein required.

(c) No mechanics' or materialmen's liens or mortgages, deeds of trust, or other liens of any character whatsoever created or suffered by Lessee shall in any way, or to any extent, affect the interest or rights of Lessor in any buildings or other improvements on the leased premises, or attach to or affect its title to or rights in said premises.

10. Liability.

Lessee convenants and agrees that (except as provided below in this paragraph 10) Lessor shall not at any time or to any extent whatsoever be liable, responsible, or in anywise accountable for any loss, injury, death or damage to persons or property which at any time may be suffered or sustained by Lessee or by any person whosoever may at any time be using or occupying or visiting the leased premises or be in, on or about the same, whether such loss, injury, death or damage shall be caused by or in anywise result from or arise out of any act, omission or negligence of Lessee or of any occupant, subtenant, visitor or user of any portion of the leased premises, or shall result from or be caused by any other matter or thing whether of the same kind as or of a different kind than the matters or things above set forth, and Lessee shall forever indemnity, defend, hold and save Lessor free and harmless from and against any and all claims, liability, loss or damage whatsoever on account of any such loss, injury, death or damage. Lessee (except as provided below in this paragraph 10) hereby waives all claims against Lessor for damages to the buildings and improvements that are hereafter placed or built upon the leased premises and to the property of Lessee in, upon or about the premises, and for injuries to persons

or property in or about the premises, from any cause arising at any time. The exceptions mentioned above in this paragraph 10 are that Lessee does not waive any claim or claims against Lessor for damages to the buildings or improvements hereafter placed or built upon the leased premises or to the property of Lessee in, upon or about the premises, or claim or claims for injuries to persons or property in or about the premises arising from or in any way connected with the exercise by Lessor, its grantees, assigns, lessees, agents or employees or by any other person of any of the rights reserved by Lessor under the provisions of paragraph 19 hereof.

11. Insurance

(a) Fire, Extended Coverage and War Damage

(1) Lessee shall, at its sole expense, obtain and keep in force during the term hereof fire and extended coverage insurance on all buildings and improvements that are hereafter placed or built upon the leased premises. The amount of such insurance shall be not less than ninety per cent (90%) of the full insurable value of said buildings and improvements. Lessee hereby waives as against Lessor any and all claims and demands, of whatsoever nature, for damages, loss or injury to the buildings and improvements that are hereafter placed or built upon the leased premises and to the property of Lessee in, upon or about the premises which shall be caused by or result from fire and/or other perils, events or happenings which are within the coverage of such extended coverage insurance. Lessee further agrees that each such policy of fire and extended coverage insurance and all other policies of

insurance on the leased premises and/or on the property of Lessee in, upon or about the leased premises, including, without in any way limiting the generality of the foregoing, business interruption insurance, which shall be obtained by Lessee, whether required by the provisions of this lease or not, shall be made expressly subject to the provisions of this paragraph 11(a) and that Lessee's insurers hereunder shall waive any right of subrogation against Lessor.

(2) If during the term of this lease the United States shall make available at reasonable cost insurance against war or invasion damage, Lessee shall, during the period such insurance is available, at its sole expense, cause all buildings and improvements upon the leased premises to be insured against such war and invasion damage in the amount of the full insurable value thereof. Such insurance shall be conclusively deemed to be available at a reasonable cost within the meaning of the preceding sentence if the rate for the same shall not be in excess of the prevailing stock company rate for fire insurance on such buildings and improvements.

(3) The said "full insurable value" shall be determined at the time the fire and extended coverage insurance is initially taken out and Lessee shall promptly notify Lessor in writing of such determination, provided that Lessor may at any time, by written notice to Lessee, require the full insurable value of said buildings and improvements to be redetermined, whereupon such redetermination shall be made promptly and Lessee shall promptly notify Lessor in writing of the results of such redetermination.

(b) Business Interruption.

If Lessee so desires it may, at its sole expense, obtain and keep in force such business interruption insurance as it considers appropriate and Lessee shall be under no obligation to remit to Lessor the proceeds of any business interruption insurance relating to the leased premises.

(c) Other Insurance.

During the term of this lease Lessee shall procure and maintain in full force and effect bodily injury liability insurance, with limits of not less than Five Hundred Thousand Dollars ($500,000) per person and One Million Dollars ($1,000,000) per occurrence insuring against any and all liability of Lessee with respect to said premises or arising out of the maintenance, use or occupancy thereof and, if so requested in writing by Lessor, Lessee agrees also to procure and maintain property damage liability insurance with a limit of not less than One Hundred Thousand Dollars ($100,000) per accident; such bodily injury liability insurance and such property damage liability insurance, if procured as aforesaid, shall specifically insure the performance by Lessee of the indemnity agreement as to liability for injury to or death of persons and injury or damage to property in paragraph 10 contained. Lessee shall also procure and maintain in full force and effect insurance on all boilers and other pressure vessels, whether fired or unfired, located in the leased premises in the sum of not less than One Hundred Thousand

Dollars ($100,000). In the even that either party shall at any time deem the limits of any of said insurance then carried to be either excessive or insufficient, the parties shall endeavor to agree upon the proper and reasonable limits for such insurance then to be carried and such insurance shall thereafter be carried with the limits thus agreed upon until further change pursuant to the provisions of this subparagraph, but, if the parties shall be unable to agree thereon, the proper and reasonable limits for such insurance then to be carried shall be determined by an impartial third person selected by the parties or, should they be unable to agree upon a selection, by an impartial third person chosen by a Judge of the Superior Court of the County of Santa Clara upon application by either party made after five (5) days' written notice to the other party of the time and place of such application, and the decision of such impartial third person as to the proper and reasonable maximum limits for such insurance then to be carried shall be binding upon the parties and such insurance shall be carried with the maximum limits as thus determined until such limits shall again be changed pursuant to the provisions of this subparagraph. The expenses of such determination shall be borne equally between Lessor and Lessee.

(d) Policy Form.

All of the insurance provided for under this paragraph 11 and all renewals thereof and the mechanics' lien bond provided for in paragraph 9 hereof shall be issued by such responsible companies or underwriters as are approved by Lessor. The mechanics' lien bond required under paragraph 9 hereof shall be payable to Lessor, and the bodily injury liability insurance, property damage liability and boiler insurance under paragraph 11 shall be carried in the joint names of Lessor and Lessee. The policies of insurance provided for in paragraph 11(a) hereof shall be payable to Lessor and Lessee as their interests may appear and any loss

adjustment shall require the written consent of both Lessor and Lessee, but subject to the provisions of paragraph 6(d) hereof, all sums received by Lessor and Lessee or either of them, under such policies shall be applied to the payment of the cost of restoring and rehabilitating buildings or improvements which may be destroyed or damaged by fire, casualty or other cause, as provided in paragraph 6(a)(i) hereof, and Lessor and Lessee agree to perform such acts as may be necessary or convenient to make such sums available for such purposes. All policies provided for in paragraph 11 hereof shall be subject to Lessor's approval as to form and substance and, except for policies of boiler insurance provided for in paragraph 11(c) hereof, shall expressly provide that the policy shall not be cancelled or altered without thirty (30) days' prior written notice to Lessor. All policies of boiler insurance provided for in paragraph 11(c) hereof shall expressly provide that the same shall not be altered without thirty (30) days' prior written notice to Lessor, provided, however, that no such notice shall be required with respect to additions to or deletions from such coverage of boilers or other pressure vessels which are newly acquired or placed in service or disposed of or otherwise removed from service; all such policies shall further provide that upon cancellation or suspension of any such policy as to all or any of the boilers or other pressure vessels covered by such policy, the insurance carrier shall give immediate written notice thereof to Lessor. Following any such cancellation or suspension, Lessee shall not make further use of the boiler or vessel to which such cancellation or suspension shall relate until such time as the insurance carrier shall have given written notice to Lessor that such insurance has been fully reinstated. Upon the issuance thereof, each policy of insurance herein provided for, or a duplicate or certificate thereof, shall be delivered to Lessor for retention by it.

12. Assignment - Successors and Assigns.

(a) Voluntary Assignments.

Lessee agrees not to sublet the whole or any part of the leased premises or to sell, assign, or transfer this lease or any part or portion of the term hereby created, without having first obtained the consent in writing of Lessor, which consent Lessor agrees shall not be unreasonably withheld. Lessor agrees that it will consent to the assignment of the entire interest of Lessee in this lease and in the term hereby created to a corporation which in the judgment of Lessor to be exercised in good faith is financially sound and responsible, provided such corporation in writing assumes the duties, obligations, and liabilities imposed by this lease; and Lessor agrees that, concurrently with the making of such assignment, it will in writing release Lessee from all duties, obligations and liabilities imposed by this lease, except such duties, obligations and liabilities as relate to an event occurring or circumstance existing prior to the making of such assignment, and Lessee agrees that it will fully perform such latter duties, obligations and liabilities. Lessor agrees, further, that it will consent to the assignment of the entire interest of Lessee in this lease and in the term hereby created to an assignee proposed by Lessee or to the subletting of the whole or any part of the leased premises to a sublessee proposed by Lessee, provided that such assignee or sublessee, as the case may be, in writing assumes the duties, obligations and liabilities imposed by this lease and provided, further, that Lessee concurrently agrees in writing that such assignment or subletting shall not release Lessee from performance of the duties, obligations and liabilities imposed by this lease. In the event consent is given by Lessor to any such assignment or subletting, as in this paragraph 12(a) provided, no subsequent similar transaction shall be entered into without again obtaining the written consent of Lessor thereto.

(b) Successors and Assigns.

Subject to the foregoing provisions of this paragraph 12, this lease shall be binding upon and shall inure to the benefit of and shall apply to the respective successors and assigns of Lessor and Lessee, and all references in this lease to “Lessee” shall be deemed to refer to and include successors and assigns of Lessee without specific mention of such successors or assigns.

13. Performance by Lessor.

In the event that Lessee shall fail or neglect to do so or perform any act or thing herein provided by it to be done or performed and such failure shall continue for a period of thirty (30) days after written notice from Lessor specifying the nature of the act or thing to be done or performed, then Lessor may, but shall not be required to, do or perform or cause to be done or performed such act or thing (entering upon the leased premises for such purposes, if Lessor shall so elect), and Lessor shall not be or be held liable or in any way responsible for any loss, inconvenience, annoyance or damage resulting to Lessee on account thereof, and Lessee shall repay to Lessor upon demand the entire cost and expense thereof, including compensation to the agents and servants of Lessor. Any act or thing done by Lessor pursuant to the provisions of this paragraph shall not be or be construed as a waiver of any such default by Lessee, or as a waiver of any covenant, term or condition herein contained or of the performance thereof. All amounts payable by Lessee to Lessor under any of the provisions of this lease, if not paid when the same become due as in this lease provided, shall bear interest from the date the same become due until paid at the rate of six per cent (6%) per annum, compounded annually.

14. Waiver

Lessee further convenants and agrees that if Lessor fails or neglects for any reason to take advantage of any of the terms hereof providing for the termination of this lease or for the termination or forfeiture of the estate hereby demised, or if Lessor, having the right to declare this lease terminated or the estate hereby demised terminated or forfeited, shall fail so to do, any such failure or neglect of Lessor shall not be or be deemed or be construed to be a waiver of any cause for the termination of this lease or for the termination or forfeiture of the estate hereby demised subsequently arising, or as a waiver of any of the covenants, terms or conditions of this lease or of the performance thereof; and that none of the covenants, terms or conditions of this lease can be waived except by the written consent of Lessor.

15. Termination for a Default.

In the event that Lessee shall fail or neglect to observe, keep or perform any of the covenants, terms or conditions herein contained on its part to be observed, kept or performed and such default shall continue for a period of one hundred twenty (120) days after written notice from Lessor setting forth the nature of Lessee's default, then and in any such event, Lessor shall have the right at its option, upon written notice to Lessee, forthwith to terminate this lease and all rights of Lessee hereunder shall thereupon cease and Lessor without further notice to Lessee shall have the right immediately to enter into and upon the leased premises and take possession thereof with or without process of law and to remove all personal property from the leased premises and all persons occupying the said premises and to use all necessary force therefor and in all respects to take actual, full and exclusive possession of the leased premises and every part thereof as of Lessor's original estate, without incurring any liability to Lessee or to any persons occupying or using the leased premises for any damage caused or sustained by reason of such entry upon the leased premises or such removal of such persons or property therefrom; and Lessee hereby covenants and agrees to indemnify and save harmless Lessor from all cost, loss or damage whatsoever arising or occasioned thereby.

16. Inspection of Premises.

Lessor shall be entitled, at all reasonable times, to go upon and into the leased premises for the purpose of inspecting the same, or for the purpose of inspecting the performance by Lessee of the terms and conditions of this lease, or for the purpose of posting and keeping posted thereon notices of non-responsibility for any construction, alteration or repair thereof, as required or permitted by any law or ordinance, and during the last two (2) years of the term hereof for the purpose of exhibiting the said property to prospective lessees thereof. Lessor shall be represented by a person having necessary security clearance to meet governmental regulations if then applicable to the operations of Lessee.

17. Delivery of Possession of Premises.

Lessor agrees to deliver possession of the leased premises to Lessee upon the effective date of this lease and, if said premises are at such date occupied by any person, whether under claim of right emanating from Lessor or otherwise, Lessor shall at its sole cost and expense remove any such person from the leased premises.

18. Covenants of Parties.

Lessor covenants and agrees to keep and perform all the terms and conditions hereof on its part to be kept and performed, and that Lessee, paying the rent in the amount, at the times and in the manner herein provided and keeping and performing all the terms and conditions hereof on its part to be kept and performed, may, subject to the terms and conditions hereof, have and enjoy the quiet and peaceful possession of the leased premises for the term hereof, without let or hindrance by Lessor or by any person whomsoever lawfully claiming title to the premises under or through Lessor.

Lessee covenants and agrees to pay the rent and all other sums required to be paid by Lessee hereunder in the amounts, at the times, and in the manner herein provided and to keep and perform all the terms and conditions hereof on its part to be kept and performed, and, at the expiration or sooner termination of this lease, peaceably and quietly to quit and surrender to Lessor the property hereby leased in good order and condition subject to the other provisions of this lease. The performance of each and every covenant of Lessee hereunder shall be a condition for non-performance of which this lease may be terminated, as in this lease provided.

19. Rights Reserved by Lessor.

Lessor expressly reserves all rights in and with respect to the land hereby leased not inconsistent with Lessee's use of the leased premises as in this lease provided, including (without in anywise limiting the generality of the foregoing) the right of Lessor to enter upon the leased premises for the purposes of installing, using, maintaining, renewing and replacing such underground water, oil, gas, steam, sewer and other pipe lines and telephone, electric, power and other lines and conduits as Lessor may deem desirable in connection with the development or use of any other property in the neighborhood of the land hereby leased, whether owned by Lessor or not, all of which pipe lines, lines and conduits shall be buried to a sufficient depth so as not to interfere with the use or stability of said building or any other building or improvement on the land hereby leased, and the sole and exclusive right to enter upon the subsurface of the leased premises and mine or otherwise produce or extract by any means whatsoever, whether by slant

drilling or otherwise, oil, gas, hydrocarbons and other minerals (of whatsoever character) in or under or from the land hereby leased, such mining, production or extraction to be for the sole benefit of Lessor without obligation to pay Lessee for any or all of the substances so mined, produced or extracted; provided, however, that no well or other excavation extending under the leased premises shall have surface location less than 500 feet from the nearest boundary of the leased premises; and provided, further, that all operations for such mining, production, or extraction shall be conducted at such depth (not less than 500 feet) beneath the surface of the land hereby leased as not to interfere with the use or stability of buildings or improvements on the land hereby leased, or with Lessee's use of the leased premises. Lessor shall indemnify and reimburse Lessee for any loss or damage incurred or sustained by Lessee as a result of, or arising out of, or in any way connected with, such mining, production, or extraction.

20. Attorney's Fees.

If any action at law or in equity shall be brought to recover any rent under this lease, or for or on account of any breach of or to enforce or interpret any of the covenants, terms or conditions of this lease, or for the recovery of the possession of the leased premises, the prevailing party shall be entitled to recover from the other party as a part of prevailing party's costs a reasonable attorney's fee, the amount of which shall be fixed by the court and shall be made a part of any judgment rendered.

21. Ownership of Buildings.

All buildings and improvements hereafter situated upon the land hereby leased shall be and become a part of the leased premises, and Lessee shall have only a leasehold interest therein, subject to all the terms and conditions of this lease. But whenever Lessee shall repair, reconstruct, alter or rebuild or restore any buildings or improvement, as in this lease required or permitted, the material and salvage therefrom may be used or sold by Lessee, and such material or the proceeds from the sale thereof may be used in the construction, repair, reconstruction or alteration of a building or improvement upon the land hereby leased without payment therefor to Lessor.

22. Lessee's Fixtures.

Lessee, at any time when Lessee is not in default hereunder may, and upon termination of this lease if so requested in writing by Lessor shall, remove from the leased premises any fixtures or equipment installed therein by Lessee, whether or not such fixtures are fastened to the buildings or other improvements located upon the leased premises and regardless of the manner in which they are so fastened; provided, however, that under no circumstances shall any fixtures be removed without Lessor's written consent if the removal thereof would result in materially impairing the structural strength of any building or improvement upon the leased premises. Lessee shall fully repair any damage occasioned by the removal of any such fixtures and shall leave the buildings or improvements in a good, clean and neat condition.

23. Time of the Essence.

Time is hereby expressly declared to be of the essence of this lease and of each and every covenant, term, condition and provision hereof.

24. Notices, etc.

All notices, demands or other writings in this lease provided to be given or made or sent, or which may be given or made or sent, by either party hereto to the other, shall be deemed to have been fully given or made or sent when made in writing and deposited in the Untied States mail in any post office in the State of California, certified or registered and postage prepaid, and addressed as follows:

To Lessor: The Board of Trustees of the
Leland Stanford Junior University
c/o Stanford Management Company
2770 Sand Hill Road
Menlo Park, California 94025
Attention: Research Park Manager

To Lessee: Beckman Coulter Inc.
4300 N. Harbor Boulevard
Fullerton, California 92834-3100
Attention: Office of the General Counsel

The address to which any notice, demand or other writing may be given or made or sent to any party may be changed upon written notice given by such party as above provided.

25. Paragraph Headings.

Paragraph headings in this lease are for convenience only and are not to be construed as a part of this lease or in any way limiting or amplifying the provisions hereof.

26. Remedies Cumulative.

All remedies hereinbefore and hereafter conferred upon the Lessor shall be deemed cumulative and no one exclusive of the other, or any other remedy conferred by law.

27. Lease Construed as a Whole.

The language in all parts of this lease shall in all cases be construed as a whole according to its fair meaning and not strictly for nor against either the Lessor or the Lessee.

28. Effect on Original Lease.

This Lease is intended to constitute a continuation of the Original Lease with respect to the herein described property and supersedes and replaces the Original Lease in all respects.

29. Counterparts.

This Lease may be executed in any number of counterparts and each of the counterparts shall be considered an original and all counterparts shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this instrument by proper persons thereunto duly authorized as of the day and year hereinabove written.

THE BOARD OF TRUSTEES OF THE LELAND STANFORD JUNIOR UNIVERSITY

By Stanford Management Company

By /s/ Curtis F. Feeny
Curtis F. Feeny
Its Executive Vice President, Real Estate

(SEAL)
LESSOR

BECKMAN COULTER, INC.

By /s/ William H. May
Its Vice President, General Counsel & Secretary

(SEAL)
LESSEE

Building 3

EXHIBIT A

SITE PLAN

EXHIBIT B

WORK LETTER

THIS TENANT WORK LETTER ("**Work Letter**") sets forth the agreement of Landlord and Tenant with respect to the improvements to be constructed in the Leased Premises, as defined in the Lease to which this Work Letter is attached as an exhibit. In the event of any inconsistency between the terms of this Work Letter and the terms of the Lease, the terms of the Lease shall control. All defined terms used herein shall have the meanings set forth in the Lease, unless otherwise defined in this Work Letter.

1. **Base Building Work**.

(a) **Approved Base Building Construction Documents**. Landlord, at Landlord's sole cost and expense, shall perform the base building work ("**Base Building Work**") required for the shell and core of a new office building containing approximately 82,662 rentable square feet of space. The description of the Base Building Work is set forth on **Exhibit A**. Landlord shall construct the Base Building Work substantially in accordance with the construction drawings and specifications therefor which have been developed by Landlord and approved by the City of Palo Alto, copies of which were delivered to Tenant via email dated June 18, 2020 from Jason Chow in Landlord's office to Cindy Ressi in Tenant's office

(b) **Required Delivery Condition.** Landlord's contractor will cause the Base Building Work to be constructed and delivered to Tenant by August 1, 2020.

2. **Tenant Improvements**. Tenant shall construct, furnish or install all improvements, equipment or fixtures, that are necessary for Tenant's use and occupancy of the Leased Premises (collectively, the "**Tenant Improvements**"). Tenant shall complete construction of the Tenant Improvements for the Leased Premises. Tenant will engage a consultant reasonably approved by Landlord to manage the design and construction of the Tenant Improvements ("**Tenant Improvement Project Manager**"). Tenant shall cause all drawings and specifications for the Tenant Improvements to be prepared by an architect selected by Tenant and reasonably approved by Landlord ("**Tenant Improvement Architect**") and to be constructed by a general contractor licensed in California, selected by Tenant, and reasonably approved by Landlord ("**Tenant Improvement Contractor**"). Landlord's prior written consent, which shall not be unreasonably withheld, conditioned or delayed, shall be required if Tenant desires to change its Tenant Improvement Architect, Tenant Improvement Contractor or Tenant Improvement Project Manager. Tenant shall furnish to Landlord a copy of the executed contracts between Tenant and Tenant Improvement Architect, and Tenant and Tenant Improvement Contractor, covering all of Tenant's obligations under this Work Letter.

Tenant shall utilize good faith efforts to cause the Tenant Improvements to comply with all of the following: (a) any water-using fixtures that Tenant installs must meet the following requirements: (i) water closets: 1.28 gpf, (ii) urinal: 0.125 gpf, (iii) lavatory faucet: metered faucet 0.5 gpm on 12 second cycle or 0.1 gpc, (iv) kitchen / break-room faucet: 1.25gpm max, and (e) showerhead: must not exceed 1.5 gpm; (b) Tenant-provided supplemental cooling equipment, if any, must not use CFC-based refrigerants and must minimize or eliminate the emission of compounds that contribute to ozone depletion and climate change, in accordance with the requirements of LEED credit EAc4 Enhanced Refrigerant Management; (c) any additional air handling units installed as part of Tenant's scope must employ MERV 13 filters; (d) any rooms built by Tenant that house chemicals (including janitorial closets) must have deck-to-deck partitions, return air ducts directly vented to the outside and not recirculated, be negatively pressurized and have doors on self-closers; (e) Tenant must use or replace 10' walk-off mats at every regularly used

entrance/exit at the end of the core-and-shell construction; (f) Tenant's actual space plan must comply with the requirements for EQc2, Increased Ventilation, which require that breathing-zone outdoor air ventilation rates for occupied spaces exceed ASHRAE 62.1-2007 by 30%; (g) Tenant shall install CO2 monitors within all densely occupied spaces (those with a design occupant density of 25 people or more per 1,000 square feet). CO2 monitors must be installed between 3 to 6 feet above the floor. Tenant shall configure CO2 monitors to generate an alarm when the CO2 levels vary by 10% or more from the design values via a building management system alarm to the building engineer; (h) Tenant's lighting power density for installed and permanently wired light fixtures and associated lamps and bulbs shall have a weighted average that shall not exceed the 0.65 W/rsf; (i) if Tenant selects and holds the contract for the janitorial services for its space, Tenant shall hire a janitorial company that can meet the requirements of LEED-Existing Buildings Operations and Maintenance (LEED-EBOM) v2009 credits EQp3 and EQc3.1, which requires the use of green cleaning chemicals, products and equipment; (j) if Tenant selects and holds the contract for the pest management services for its space and buildings, Tenant shall hire a pest management company that can meet the requirements of LEED-Existing Buildings Operations and Maintenance (LEED-EBOM) v2009 credits EQc3.6, Integrated Pest Management, which requires the use of notification protocols and least toxic pest control methods.

The Tenant Improvements shall be in conformity with drawings and specifications submitted to and approved by Landlord, which approval shall not be unreasonably withheld or delayed, and shall be performed in accordance with the following provisions:

Tenant Improvement Space Plans: Tenant shall prepare and submit to Landlord for its approval Tenant Improvement space plans (the "**Tenant Improvement Space Plans**"). Within ten (10) business days after receipt of Tenant's drawings Landlord shall return one set of prints thereof with Landlord's approval and/or suggested modifications noted thereon. If Landlord has approved Tenant's drawings subject to modifications, such modifications shall be deemed to be acceptable to and approved by Tenant unless Tenant shall prepare and resubmit revised drawings for further consideration by Landlord. If Landlord has suggested modifications without approving Tenant's drawings Tenant shall prepare and resubmit revised drawings within ten (10) business days for consideration by Landlord. All revised drawings shall be submitted, with changes highlighted, to Landlord within ten (10) business days following Landlord's return to Tenant of the drawings originally submitted, and Landlord shall approve or disapprove such revised drawings within ten (10) business days following receipt of the same. Landlord shall be provided with a copy of Tenant's preliminary floor plan and associated CAD files as a condition to receiving reimbursement.

Tenant Improvement Design Development Plans: Tenant shall prepare and submit to Landlord for its approval Tenant Improvement design development plans ("**Tenant Improvement Design Development Plans**"). Within ten (10) business days after receipt of Tenant's drawings Landlord shall return one set of prints thereof with Landlord's approval and/or suggested modifications noted thereon. If Landlord has approved Tenant's drawings subject to modifications, such modifications shall be deemed to be acceptable to and approved by Tenant unless Tenant shall prepare and resubmit revised drawings for further consideration by Landlord. If Landlord has suggested modifications without approving Tenant's drawings Tenant shall prepare and resubmit revised drawings within ten (10) business days for consideration by Landlord. All revised drawings shall be submitted, with changes highlighted, to Landlord within ten (10) business days following Landlord's return to Tenant of the drawings originally submitted, and Landlord shall approve or disapprove such revised drawings within ten (10) business days following receipt of the same.

Tenant Improvement Working Drawings: Tenant shall prepare and submit to Landlord for its approval Tenant Improvement working drawings ("**Tenant Improvement Working Drawings**") including mechanical, electrical, and plumbing plans ("**MEP**"). Within ten (10) business days after receipt of Tenant's drawings Landlord shall return one set of prints thereof with Landlord's approval and/or suggested modifications noted thereon. If Landlord has approved Tenant's drawings subject to modifications, such modifications shall be deemed to be acceptable to and approved by Tenant unless Tenant shall prepare and resubmit revised drawings for further consideration by Landlord. If Landlord has suggested modifications without approving Tenant's drawings Tenant shall prepare and resubmit revised drawings within fifteen (15) business days for consideration by Landlord. All revised drawings shall be submitted, with changes highlighted, to Landlord within fifteen (15) business days following Landlord's return to Tenant of the drawings originally submitted, and Landlord shall approve or disapprove such revised drawings within ten (10) business days following receipt of the same.

Final Tenant Improvement Plans: Tenant shall submit the approved Tenant Improvement Working Drawings to the Palo Alto Building Department for a Tenant Improvement building permit prior to the commencement of such work. The Tenant Improvement Working Drawings as modified by the City of Palo Alto are defined herein as the "**Final Tenant Improvement Plans**." Prior to commencing construction, Tenant shall deliver to Landlord a copy of the City of Palo Alto building permit for the Final Tenant Improvement Plans.

To the extent any of Landlord's responses to Tenant's submittals are delayed beyond the time frames set forth above, each day a response is so delayed shall be taken into account in the definition of "**Landlord Delay**" in Paragraph 6 below.

Any material changes to the Final Tenant Improvement Plans shall be subject to Landlord's prior written approval, which shall not be unreasonably withheld. Within ten (10) business days after receipt of Tenant's request for a material change to the Final Tenant Improvement Plans accompanied by revised drawings with sufficient detail, Landlord shall approve such request in writing and/or suggest modifications thereto. If Landlord does not respond within such ten (10) business day period, each day a response is so delayed shall be taken into account in the definition of "**Landlord Delay**" in Paragraph 6 below. Any material deviation in construction from the design specifications and criteria set forth in the Final Tenant Improvement Plans, other than as approved in writing by Landlord (such approval not to be unreasonably withheld or delayed), shall constitute a default for which Landlord may, within ten (10) business days after giving written notice to Tenant, elect to exercise the remedies available in the event of default under the provisions of this Lease, unless such default is cured within such ten (10) business day period, or, if the cure reasonably requires more than ten (10) business days, unless such default is cured as soon as reasonably practicable but in no event later than sixty (60) days after Landlord's notice to Tenant. Only new materials shall be used in the construction of the Tenant Improvements, except with the written consent of Landlord, which shall not be unreasonably withheld, conditioned or delayed.

Tenant acknowledges that it will engage the Tenant Improvement Architect, the Tenant Improvement Project Manager, and the Tenant Improvement Contractor, and shall be responsible for the actions and omissions of its architects, engineers, contractors, and project/construction managers arising solely with respect to the Tenant Improvements and for any loss, liability, claim, cost, damage or expense suffered by Landlord or any other entity or person as a result of the acts or omissions of its architect, engineers or project/construction managers arising solely with respect to the Tenant Improvement. For clarification, if Tenant retains Landlord's Contractor or any other party which Landlord also retains for Base Building Work, Tenant shall not be responsible such contractor's or other party's actions or omissions with respect to or arising from its performance of Base Building Work and/or any loss, liability, claim, cost, damage or expense suffered by Landlord or any other entity or person as a result of

the acts or omissions of such contractor or other party. Landlord's approval of any of Tenant's architects, engineers or project/construction managers and of any documents prepared by any of them shall not be for the benefit of Tenant or any third party, and Landlord shall have no duty to Tenant or to any third parties for the actions or omissions of Tenant's architects, engineers or project/construction managers except with respect to or arising from Base Building Work if Landlord has retained Tenant's architects, engineers or project/construction managers with respect thereto. Tenant shall indemnify and hold harmless Landlord from and against any and all losses, costs, damages, claims and liabilities arising solely from the actions or omissions of Tenant's architects, engineers and project/construction managers with respect to the Tenant Improvements only. Notwithstanding anything herein to the contrary, Tenant shall have no obligation to pay any administrative, coordination or supervision fees to Landlord with respect to the Tenant Improvements.

The Tenant Improvements shall be constructed by Tenant Improvement Contractor in accordance with the Final Tenant Improvement Plans, in compliance with all of the terms and conditions of this Work Letter and the Lease, and with all applicable Laws and Restrictions. The Tenant Improvement Contractor shall obtain a builder's risk policy of insurance in an amount and form and issued by a carrier reasonably satisfactory to Landlord, and its subcontractors shall carry worker's compensation insurance for their employees as required by law. The builder's risk policy of insurance shall name Landlord as an additional insured and shall not be cancelable without at least thirty (30) days' prior written notice to Landlord.

Tenant shall notify Landlord of its intention to commence construction ten (10) days prior to commencement and shall again notify Landlord of actual commencement within one (1) business day thereafter. Landlord shall have the right to post in a conspicuous location on the Building or the Leased Premises, as well as record with the County of Santa Clara, a Notice of Nonresponsibility. Tenant shall provide Landlord with a copy of the City of Palo Alto building permit allowing for the construction of the Final Tenant Improvement Plans prior to commencement of construction of the Tenant Improvements.

Tenant shall, and shall cause Tenant's Project Manager to, use commercially reasonable efforts to cause construction of the Final Tenant Improvement Plans to be performed in as efficient a manner as is commercially reasonable. All work to be performed inside or outside of the Building shall be coordinated with Landlord. Tenant and the Tenant Improvement Contractor shall conduct their work and employ labor in such manner as to maintain harmonious labor relations.

Tenant, at Tenant's sole cost and expense, shall clear debris resulting from the Tenant Improvement construction as necessary so as not to interfere with the construction of the Base Building Work, and Landlord, at Landlord's sole cost and expense, shall clear debris resulting from the Base Building Work construction as necessary so as not to interfere with the construction of the Tenant Improvements. No trash, or other debris, or other waste may be deposited at any time outside the Building except in containers reasonably approved by Landlord. If so, Landlord may, after written notice to Tenant, remove trash or debris deposited by Tenant at Tenant's expense, which expense shall equal the reasonable, out-of-pocket cost of removal. Storage of Tenant Improvement construction materials, tools and equipment shall be coordinated with Landlord's Contractor. Tenant shall reimburse Landlord within thirty (30) days of written demand (including reasonable backup documentation) for the cost of repairing any damage to the Building caused by Tenant Improvement Contractor and its subcontractors resulting from the construction of the Tenant Improvements. Upon completion of the Base Building Work, Landlord shall cause the Building and the Common Areas to be clean and free from construction debris resulting from Base Building Work. Upon completion of the Tenant Improvements, Tenant shall cause the Building and the Common Areas to be clean and free from construction debris resulting from Tenant's Tenant Improvement construction.

After completion of the Tenant Improvements, Tenant shall submit to Landlord a Certificate of Substantial Completion, AIA Document G704, by its Tenant Improvement Architect for the Final Tenant Improvement Plans, a copy of all final inspection cards for the Tenant Improvements signed by the appropriate City of Palo Alto inspector and the Temporary Certificate of Occupancy from the City of Palo Alto.

Tenant shall submit to Landlord two CDs containing copies of all Tenant Improvement as-built plans and specifications, warranties, and operating manuals covering all of the work in the Final Tenant Improvement Plans.

Any minor work required for Tenant's occupancy of the Leased Premises but not included in the Final Tenant Improvement Plans such as the procurement and installation of furniture, fixtures, equipment, interior artwork and signage, shall not require Landlord approval but shall be installed in a good and workmanlike manner by Tenant.

3. **Project Costs**. The costs and expenses of the development and construction of the Base Building Work and the Tenant Improvements ("**Project Costs**") shall be paid in accordance with this Paragraph 3.

(a) Base Building Work. The costs and expenses of the development and construction of the Base Building Work shall be paid by Landlord.

(b) Tenant Improvements. Unless specified otherwise herein, Tenant shall bear and pay the cost of the Tenant Improvements (which cost shall include, without limitation, the costs of construction as provided for in the Tenant Improvement Contractor's contract, the cost of permits, and all architectural, design, space planning, and engineering services obtained by Tenant in connection with Tenant Improvements); provided that so long as Tenant is not in monetary or material non-monetary default under the Lease, Landlord shall contribute $15 per rentable square foot, for a total of $1,239,930 (the "**Tenant Improvement Allowance**"). The Tenant Improvement Allowance shall be utilized for the hard and soft costs of the Tenant Improvements, including without limitation building improvements to the Building, the cost of obtaining permits, costs of preparing any plans or drawings, the cost of performing the Tenant Improvements including labor and material costs, cost of any third party consulting or contracting fees (including without limitation costs of Tenant's architect and engineers), costs with respect to the Tenant Improvement Project Manager, and any other hard costs of the Tenant Improvements; provided, however, the Tenant Improvement Allowance will not be used for signage, furniture costs, any telecom/cabling costs.

(c) Evidence of Completion of Tenant Improvements**.** Upon the completion of the Tenant Improvements, Tenant shall:

(i) Submit to Landlord a detailed breakdown of Tenant's final and total construction costs, reasonably satisfactory to Landlord.

(ii) Submit to Landlord the building permit for the Tenant Improvements signed off by the applicable governmental authorities and authorization for physical occupancy of the Building.

(iii) Submit to Landlord the as-built plans and specifications referred to above.

EXHIBIT A TO WORK LETTER

BASE BUILDING WORK

EXHIBIT A TO WORK LETTER

BASE BUILDING WORK

BASE BUILDING DESCRIPTION:

The building shall be constructed in conformance with "life safety" standards, as discussed in the provisions below. The project shall be designed to meet the standards of a LEED Platinum rating (at Landlord's sole discretion Landlord may seek USGBC certification). Base Building shall include:

(A) All work installed to meet local codes and ADA requirements and to be approved by local jurisdiction for final of the shell and core permit.

(B) **Utilities**:

a. Water - 2" stub out with minimum of 50 PSI, maximum of 80 PSI, with shut-off valve within the Premises.

b. Electrical - Landlord shall provide a portion of a meter section on the exterior of the building. Landlord will provide 3-2" conduits stubbed to the premises from the building transformer service location as to allow up to a Tenant service of 3000 amp, 3 phase, 277/480 volt electrical service. Landlord shall be responsible for setting the meters and providing power. Landlord will provide 480V power (switch disconnects on floor 1 and floor 2), electrical rooms for tenant, fit-out, rnechanical/power/lighting, as part of the core and shell. Landlord will provide 480V panel boards, step down transformer, and 208V panel board. All house/core area lighting and power will be fed from garage level main electrical room.

i. Lighting will be provided based on the following:

Lighting Load (including task lighting)	Cooling system designed for 1.2 watts/RSF; Lighting design to be restricted to 0.65 watts/RSF to conform to LEED goals

c. Sewer - 4" sanitary sewer branch line under slab in the rear portion of the Premises. Separate 4" grease sewer lateral under slab to potentially connect with a future grease interceptor, if necessary. If a grease interceptor is required, Tenant shall purchase and install at a location selected by Landlord at Tenant's sole expense.

d. Gas - Landlord to provide a 1" medium pressure gas line with maximum 200,000 btu stubbed to the exterior of the Premises. Landlord will be responsible for setting the gas meter.

e. Telephone - Landlord will provide a 2" conduit connection from telephone service location to the Premises. Tenant shall be responsible pulling wire from the telephone room to the Premises. All of Tenant's telephone equipment to be located within Tenant's premises.

f. Cable TV - Landlord will provide a 2" conduit connection from cable TV service location to the Premises. All of Tenant's cable TV equipment to be located with Tenant's premises.

g. Fiber - Landlord to provide 3" x 2" conduit for fiber connection from Page Mill Road to Building 4.

(C) All Common Area site work including underground connections, grading, landscaping, irrigation, site lighting, storm water drainage, hardscaping, all ADA compliant access and exit doors and walks, roads, parking and other site utilities including communications, elect, gas, cable TV.

(D) Weather tight shell complete with rainwater drainage system. Building core and shell to meet all Title-24 requirements.

(E) Provide a recessed floor slab to accommodate flooring finishes by Tenant at lobby. Elevator lobbies to be sheet rocked and fire taped.

(F) Code-required building exit stairs to be in finished condition with painted walls, stringers and handrails. Stair treads and landings to be concrete finish. Core area walls (Tenant side) will be sheet rocked and fire taped only.

(G) Glazing, roof insulation and perimeter wall insulation shall meet or exceed minimum requirements of California Title-24 Part 6.

(H) Elevator cabs (quantity and size to meet code) and call buttons to meet ADA and fire code installed complete including all standard finishes, doors, hardware and lighting. Elevator machine room complete including stainless steel doors, fronts, frames, doors, hardware, HVAC, lighting, fire sprinkler and fire alarm systems. Elevator to be card access ready. For elevator design:

Cab Speed:	150 feet per minute for electric MRL (Machine Room Less) elevators (building).
Cab Capacity:	4,000 pounds for passenger elevator, 4,500 pounds at service elevator.
Cab Walls:	Manufacturer standard, subject to Landlord’s architect’s selection.
Cab Ceiling:	Manufacturer standard, subject to Landlord’s architect’s selection.
Cab Flooring:	Manufacturer standard, subject to Landlord’s architect’s selection.
Hoist Way Doors and Frames:	Painted throughout.

(I) Building mechanical and / or electrical equipment room(s) complete including doors, hardware, lighting, fire sprinkler and fire alarm systems per code.

(J) MPOE shall be provided as a dedicated room separate from the electrical room. Stacked IDF closets located in the center of each floor shall be included per code, but phone systems, switching equipment, connections, etc. and associated cooling equipment not included. Provide room complete including doors, hardware, lighting, fire alarm systems per code. Rooms shall also include sleeved openings for risers. Landlord shall provide two (2) additional four inch (4”) conduits in the joint trench from the property line to the MPOE room.

(K) Entry Lobby, Lobby Stairs and Restroom Cores: Entry Lobby and Lobby Stairs to be finished and fully functional to meet code. Floor, wall, ceiling, lighting, HVAC and electrical finishes and systems shall be designed and finishes selected by Landlord’s architect and installed by Landlord’s Contractor, Restroom Cores to include fully functional and finished men’s and women’s restrooms at each floor to meet code. Finishes to include ceramic tile at floors and full height on all wet walls, stone tops, ceiling mounted stainless steel toilet partitions and accessories, finished ceiling system and lighting per code. Base showers provided in each ground floor men’s and women’s restroom per LEED. Restroom finishes are subject to Tenant’s consent consistent with industry standard.

(L) Convenience electrical outlets will be installed on exterior walls at balconies (1 per each twenty (20) lineal feet of balcony).

(M) Janitor's closets will be finished with VCT flooring, FRP panels on wet walls, and low VOC paint all other walls. Closets to be ventilated per code.

(N) HVAC shall be a variable air volume (VAV) type system with DDC control capability sized to service the General Office Area per the criteria specified below. Design shall meet code but is contemplated to be for an outdoor temperature for winter of 26 degrees F, and a summer temperature of 90 degrees F dry bulb and 67 degrees F wet bulb. System shall be designed for the following loads:

Lighting Load (including task lighting)	Cooling system designed for 1.2 watts/RSF; Lighting design to be restricted to 0.65 watts/RSF to conform to LEED goals
Non Core Miscellaneous Office Equipment Cooling Loads	5 watts/RSF
Occupancy	130 sq. ft./person

(O) Heating shall be via a gas fired, high efficiency boiler and hot water system. Includes main heating water supply and return risers with valved and capped stub-outs at each floor at restroom core for Tenant extension. Gas service will be brought into building and up to roof.

(P) Main Supply and return air risers provided through each floor (or Mechanical Room) with ductwork stubbed out and capped at each floor. Associated fine or fire/smoke dampers provided at rated shaft penetrations per code.

(Q) Ventilation system complete for restroom core and janitor closet including ductwork, diffusers and fan.

(R) Approximately 200 sq ft adjacent to Landlord's HVAC equipment shall be provided to allow Tenant to install auxiliary cooling systems.

(S) DDC controls for the Base Building HVAC system to accommodate the addition of tenant system DDC controls typical of a Class A office building. Any addition of Tenant system DDC controls will be by Tenant.

(T) Domestic cold water main branch piping to each floor near the restroom core and stair for future break rooms and coffee stations.

(U) Two (2) sanitary and vent risers, one within each "wing", with capped connections at each floor level for future break rooms and coffee stations.

(V) Fully operational main electric service for each building including main switchboard each rated at 3000A, 277/480V, serving tenant lighting and power loads and mechanical equipment loads. Each electrical power distribution assembly rated at 3000A, 277/480 volt. Space sized for panels and transformers on each floor (by Tenant). Landing section for PG&E conduits.

(W) Electrical transformer for each building to comply with City of Palo Alto Utilities and per Building Design.

Main Switchboard:

- Per City of Palo Alto Utilities and City of Palo Alto requirements.
- *Main SB to be insulated case with LSIG*
- *Feeder protective devices are group mounted, insulated case circuit breakers (LSI)*
- *Provide separate section for all metering.*
- *Meter main per City of Palo Alto Utilities requirements.*
- *Main switchboards 65kAIC minimum short circuit rating per City of Palo Alto Utilities requirements.*
- 480/277V bus riser is installed thru each floor electrical room for future tenant power distribution.

(X) Base building fire sprinklers on each floor as required per code for the shell and core design with capacity for fully sprinklered tenant improvements. Building is fully sprinklered including the PIV as required by code for an undivided occupancy with upturned heads typical.

(Y) Fire Alarm System: Building is fully monitored per code. Life safety system distribution (smoke detectors, annunciators, strobes, etc.) as required by code for core areas. Each floor is designated as one smoke zone.

(Z) Underground garage will be a code compliant concrete garage with post tension slab. The garage design will include code required electrical/lighting, fire sprinkler/fire alarm system, and CO2 exhaust systems.

i. Building elevator and the stair system will connect to the underground garage with standard garage lobby.

EXHIBIT C

RELEASE OF GROUND LESSOR

Tenant hereby represents to Ground Lessor that Tenant is aware that detectable amounts of hazardous substances and groundwater contaminants have come to be located beneath and/or in the vicinity of the Property. Tenant has made such investigations and inquiries as it deems appropriate to ascertain the effects, if any, of such substances and contaminants on its operations and persons using the Property. Ground Lessor makes no representation or warranty with regard to the environmental condition of the Property. Tenant, on behalf of itself and its affiliated entities and their respective partners, employees, successors and assigns (collectively, "Releasors"), hereby covenants and agrees not to sue and forever releases and discharges Ground Lessor, and its trustees, officers, directors, agents and employees for and from any and all claims, losses, damages, causes of action and liabilities, arising out of hazardous substances or groundwater contamination presently existing on, under, or emanating from or to the Property. In connection with the above release, Releasors understand and expressly waive any rights or benefits available under Section 1542 of the Civil Code of California or any similar provision in any other jurisdiction. Section 1542 provides substantially as follows:

"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party."

EXHIBIT D

SUBORDINATION, NONDISTURBANCE AND ATTORNMENT PROVISIONS

RECORDING REQUESTED BY AND
AFTER RECORDING, RETURN TO:

Clifford Chance US LLP
32 West 52nd Street
New York, New York 10019
Attn: Eddie E. Frastai, Esq.

SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE

SUBORDINATION, NON-DISTURBANCE
AND ATTORNMENT AGREEMENT

This Subordination, Non-Disturbance and Attornment Agreement ("**Agreement**"), is made as of this _____ day of June, 2020 among First Abu Dhabi Bank PJSC, a public joint stock company incorporated under the Emirate of Abu Dhabi, United Arab Emirates, as agent (together with its successors and assigns, collectively, "Agent") for itself and First Abu Dhabi Bank USA N.V., a banking corporation organized under the laws of Curaçao (together with their respective successors and assigns, collectively, "Lender"), 1050 Page Mill Road Property, LLC, a Delaware limited liability company, as landlord (together with its successors and assigns, "**Landlord**"), and Kodiak Sciences Inc., a Delaware corporation ("**Tenant**").

Background

A. Lender has agreed to make and Agent has agreed to administer a loan to Landlord ("**Loan**"), which is secured by that certain Leasehold Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing dated as of _____ ___, 2018 by Landlord in favor of Chicago Title Insurance Company, as trustee in favor of Agent, as beneficiary (the "**Security Instrument**") on Landlord's property described more particularly on Exhibit A attached hereto ("**Property**").

B. Tenant is the present lessee under that certain Sublease between Landlord and Tenant dated as of June 19, 2020, as thereafter modified and supplemented ("**Lease**"), demising a portion of the Property known as "Building 3" as described more particularly in the Lease ("**Leased Space**").

C. A requirement of the Loan is that Tenant's Lease be subordinated to the Security Instrument. Landlord has requested Tenant to so subordinate the Lease in exchange for Agent's agreement not to disturb Tenant's possession of the Leased Space upon the conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises of this Agreement, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Subordination. Tenant agrees that the Lease and all of the terms, covenants and provisions thereof, and all estates, options and rights created under the Lease, hereby are subordinated and made subject to the lien and effect of the Security Instrument (including, without limitation, all renewals,

increases, modifications, spreaders, consolidations, replacements and extensions thereof), as if the Security Instrument had been executed and recorded prior to the Lease.

2. Nondisturbance. Agent agrees (a) that no foreclosure (whether judicial or nonjudicial), deed-in-lieu of foreclosure, or other sale of the Property in connection with enforcement of the Security Instrument or otherwise in satisfaction of the Loan shall operate to terminate the Lease or disturb Tenant's rights thereunder to possess and use the Leased Space in accordance with the terms of the Lease, (b) not to join Tenant as a party defendant in any action or proceeding to foreclose the Security Instrument or to enforce any rights or remedies of Agent under the Security Instrument unless required by applicable law, and (c), that in any instance in which Agent is required to join Tenant as a defendant as provided in clause (b) above, Agent shall not: (i) seek affirmative relief against Tenant, (ii) disturb Tenant’s possession of the Premises, (iii) terminate the Lease, or (iv) otherwise adversely affect Tenant’s rights under the Lease, in each case, with respect to the foregoing clauses (a), (b) and (c), provided, that (x) the Lease is in full force and effect, and (y) no uncured default exists under the Lease beyond the expiration of any applicable notice and cure periods.

3. Attornment. Tenant agrees to attorn to and recognize as its landlord under the Lease each party acquiring legal title to the Property by foreclosure (whether judicial or nonjudicial) of the Security Instrument, deed-in-lieu of foreclosure, or other sale in connection with enforcement of the Security Instrument or otherwise in satisfaction of the Loan ("**Successor Owner**"). In no event will any Successor Owner be: (a) liable for any default, act or omission of any prior landlord under the Lease, provided that the foregoing shall not limit Successor Owner's obligations under the Lease to correct any conditions of a continuing nature that (x) existed as of the date Successor Owner became the owner of the Property, and (y) violate Successor Owner's obligations as landlord under the Lease; (b) subject to any offset or defense which Tenant may have against any prior landlord under the Lease; (c) bound by any payment of rent or additional rent (other than first month’s rent) made by Tenant to Landlord more than 30 days in advance; (d) bound by any modification or supplement to the Lease, or waiver of Lease terms, made without Agent's written consent thereto, except for: (i) any amendment or modification of the Lease that is provided for or contemplated in the Lease in connection with Tenant's exercise of any renewal or extension rights with respect to the term, including any provision thereof that sets rental amounts or other economic terms for the extension term, so long as such rental amounts or other economic terms are specified in the Lease, or determined pursuant to appraisal or arbitration procedures set forth in the Lease (and provided that any rental amounts and other economic terms for the extension term that are voluntarily agreed-to between Landlord and Tenant are subject to Agent's approval rights set forth below in this Section 3), and so long as such amendment or modification is otherwise consistent with the terms of such renewal or extension rights; (ii) writings that establish the Lease Commencement Date (as that term is defined in the Lease); (iii) documentation confirming approvals or consents in accordance with the Lease and this Agreement (such as consents to subleases or assignments); and (iv) execution of estoppel certificates; or (e) liable for the return of any security deposit or other prepaid charge paid by Tenant under the Lease, except to the extent such amounts were actually received by Agent. Although the foregoing provisions of this Agreement are self-operative, Tenant agrees to execute and deliver to Agent or any Successor Owner such further instruments as Agent or a Successor Owner may from time to time reasonably request in order to confirm this Agreement. If any liability of Successor Owner does arise pursuant to this Agreement, such liability shall be limited to Successor Owner's interest in the Property.

4. Prior Assignment; Rent Payments; Notice to Tenant Regarding Rent Payments. Tenant hereby consents to that certain Assignment of Leases and Rents from Landlord to Agent executed in connection with the Loan. Tenant acknowledges that the interest of the Landlord under the Lease is to be assigned to Agent solely as security for the purposes specified in said assignment, and Agent shall have

no duty, liability or obligation whatsoever under the Lease or any extension or renewal thereof, either by virtue of said assignments or by any subsequent receipt or collection of rents thereunder, unless Agent shall specifically undertake such liability in writing. Tenant agrees not to pay rent (other than the first month's rent) more than one (1) month in advance unless otherwise specified in the Lease. After notice is given to Tenant by Agent that Landlord is in default under the Security Instrument and that the rentals under the Lease are to be paid to Agent directly pursuant to the assignment of leases and rents granted by Landlord to Agent in connection therewith, Tenant shall thereafter pay to Agent all rent and all other amounts due or to become due to Landlord under the Lease. Landlord hereby expressly authorizes Tenant to make such payments to Agent upon reliance on Agent's written notice (without any inquiry into the factual basis for such notice or any prior notice to or consent from Landlord), agrees that all amounts so paid to Agent shall be credited against rent otherwise due under the Lease and hereby releases Tenant from all liability to Landlord in connection with Tenant's compliance with Agent's written instructions.

5. Agent Opportunity to Cure Landlord Defaults. Tenant agrees that, until the Security Instrument is released by Agent, it will not exercise any remedies under the Lease following a Landlord default without having first given to Agent (a) written notice of the alleged Landlord default and (b) the opportunity to cure such default within (i) a period of 5 business days following such notice in the instance of a default which may be cured by the payment of money or (ii) a period of 30 days after receipt of such notice in the instance of a default other than one listed in the preceding clause (i), if such default cannot reasonably be cured within such 30-day period and Agent has diligently commenced to cure such default promptly within the time contemplated by this Agreement, such 30-day period shall be extended for so long as it shall require Agent, in the exercise of due diligence, to cure such default, but, unless the parties otherwise agree, in no event shall the entire cure period be more than 120 days. Tenant acknowledges that Agent is not obligated to cure any Landlord default, but if Agent elects to do so, Tenant agrees to accept cure by Agent as that of Landlord under the Lease and will not exercise any right or remedy under the Lease for a Landlord default. Performance rendered by Agent on Landlord's behalf is without prejudice to Agent's rights against Landlord under the Security Instrument or any other documents executed by Landlord in favor of Agent in connection with the Loan.

6. Right to Purchase. Tenant covenants and acknowledges that it has no right or option of any nature whatsoever, whether pursuant to the Lease or otherwise, to purchase the Property or the real property of which the Property is a part, or any portion thereof or any interest therein and to the extent that Tenant has had, or hereafter acquires any such right or option, the same is hereby acknowledged to be subject and subordinate to the Security Instrument and is hereby waived and released as against Agent.

7. Miscellaneous.

(a) Notices. All notices and other communications under this Agreement are to be in writing pursuant and addressed as set forth below such party's signature hereto. Default or demand notices shall be deemed to have been duly given upon the earlier of: (i) actual receipt; (ii) one (1) business day after having been timely deposited for overnight delivery, fee prepaid, with a reputable overnight courier service, having a reliable tracking system; (iii) three (3) business days after having been deposited in any post office or mail depository regularly maintained by the U.S. Postal Service and sent by certified mail, postage prepaid, return receipt requested; and (iv) on the day transmitted if delivered by e-mail (provided that a copy has been delivered to the receiving party no later than one (1) Business Day after such email by hand or by recognized express courier service); and in the case of clause (ii) and (iii) irrespective of whether delivery is accepted. A new address for notice may be established by written notice to the other parties; provided, however, that no address change will be effective until written notice thereof actually is received by the party to whom such address change is sent.

(b) Entire Agreement; Modification. This Agreement is the entire agreement between the parties hereto with respect to the subject matter hereof, and supersedes and replaces all prior discussions, representations, communications and agreements (oral or written). This Agreement shall not be modified, supplemented, or terminated, nor any provision hereof waived, except by a written instrument signed by the party against whom enforcement thereof is sought, and then only to the extent expressly set forth in such writing.

(c) Binding Effect; Joint and Several Obligations. This Agreement is binding upon and inures to the benefit of the parties hereto and their respective heirs, executors, legal representatives, successors, and assigns, whether by voluntary action of the parties or by operation of law. No party may delegate or transfer its obligations under this Agreement.

(d) Unenforceable Provisions. Any provision of this Agreement which is determined by a court of competent jurisdiction or government body to be invalid, unenforceable or illegal shall be ineffective only to the extent of such determination and shall not affect the validity, enforceability or legality of any other provision, nor shall such determination apply in any circumstance or to any party not controlled by such determination.

(e) Duplicate Originals; Counterparts. This Agreement may be executed in any number of duplicate originals, and each duplicate original shall be deemed to be an original. This Agreement (and each duplicate original) also may be executed in any number of counterparts, each of which shall be deemed an original and all of which together constitute a fully executed Agreement even though all signatures do not appear on the same document.

(f) Construction of Certain Terms. Defined terms used in this Agreement may be used interchangeably in singular or plural form, and pronouns shall be construed to cover all genders. Article and section headings are for convenience only and shall not be used in interpretation of this Agreement. The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular section, paragraph or other subdivision; and the word "section" refers to the entire section and not to any particular subsection, paragraph of other subdivision; and "Agreement" and each of the Loan Documents referred to herein mean the agreement as originally executed and as hereafter modified, supplemented, extended, consolidated, or restated from time to time.

(g) Governing Law. This Agreement shall be interpreted and enforced according to the laws of the State where the Property is located (without giving effect to its rules governing conflict of laws).

(h) Consent to Jurisdiction. Each party hereto irrevocably consents and submits to the exclusive jurisdiction and venue of any state or federal court sitting in the county and state where the Property is located with respect to any legal action arising with respect to this Agreement and waives all objections which it may have to such jurisdiction and venue.

(i) **WAIVER OF JURY TRIAL. TO THE FULLEST EXTENT PERMITTED BY LAW, EACH PARTY HERETO WAIVES AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS AGREEMENT.**

[NO FURTHER TEXT ON THIS PAGE]

IN WITNESS WHEREOF, this Agreement is executed as of the date first written above.

TENANT:

KODIAK SCIENCES INC.

By:
Name:
Title:

Tenant Notice Address:

Kodiak Sciences Inc.
_____
_____
Attn: _____
E-mail: _____
Phone: ___-___-____

[Signatures continue on next page.]

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF SANTA CLARA)

On , 2020, before me, , Notary Public, personally appeared

,

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.
Signature (Seal)

[Signatures continue on next page.]

LANDLORD:

1050 PAGE MILL ROAD PROPERTY, LLC,
a Delaware limited liability company

By:
Name:
Title:

Landlord Notice Address:

1050 Page Mill Road Property, LLC
c/o Sand Hill Property Company
965 Page Mill Road
Palo Alto, California 94304
Attn: Jason Chow
E-mail: jchow@shpco.com
Phone: +1 (650) 772 4043
Facsimile No.: +1 (650) 344-0652

With a copy to:

Gibson, Dunn & Crutcher LLP
200 Park Ave
New York, New York 10166
Attention: David Furman, Esq.
E-mail: dfurman@gibsondunn.com
Phone: +1 (212) 351-3992

[Signatures continue on next page.]

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF SANTA CLARA)

On , 2020, before me, , Notary Public, personally appeared

,

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.
Signature (Seal)

[Signatures continue on next page.]

AGENT:

FIRST ABU DHABI BANK PJSC,
a public joint stock company incorporated under the laws of the United Arab Emirates

By:_____
Name:
Title:

Agent Notice Address:
First Abu Dhabi Bank PJSC
FAB Building Khalifa Business Park
1 - Al Qurm District
Loan Agency, Global Corporate Finance, 4th Floor
P.O. Box 6316 Abu Dhabi, United Arab Emirates

Attention: Urvi Widhani, Syed Afsor Nash, Praveen Damani and Samah Aker
Email: Urvi.Widhani@bankfab.com; Syed.AfsorNash@bankfab.com;
Praveen.Damani@bankfab.com; Samah.Aker@bankfab.com; LA@bankfab.com;
Phone: +971 2 3053072; +971 2 3053772; +971 2 3053793; +971 2 3053807

With a copy to:

Clifford Chance US LLP
31 West 52nd Street
New York, New York 10019
Attention: Eddie Frastai, Esq.
E-mail: eddie.frastai@cliffordchance.com
Phone: +1 (212) 878-4931

[Signatures continue on next page.]

ss.:

I, _____, Consul-_____ of the United States of America, _____, duly commissioned, and qualified, do certify that on this ____ day of _____, before me personally appeared in said _____, to me known, and known to me to be the individual described in, whose name is subscribed to, and who executed the foregoing instrument, and being by me informed of the contents of said instrument _____ duly acknowledged to me that _____ executed the same freely, and voluntarily for the uses, and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and Official Seal the day, and year last above written.

_____

Consul-_____ of the

United States of America at _____

Exhibit A

Legal Description of the Property

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF PALO ALTO, IN THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

Parcel One:

Beginning at a concrete highway monument set on the Southwesterly line of El Camino Real (State Highway) opposite Engineers Station 144 + 27.00 as surveyed by the California Division of Highways as said Southwesterly line was established by that Decree in Condemnation, a certified copy of which Decree was filed for record in the Office of the Recorder of the County of Santa Clara, State of California on July 7, 1930 in Book 520 of Official records at Page 571, said monument also marks the point of intersection of said Southwesterly line with the Southeasterly line of that certain 1289 acre tract of land described in the Deed from Evelyn C. Crosby, et al, to Leland Stanford, dated September 8, 1885, recorded September 8, 1885 in Book 80 of Deeds, Page 382, Santa Clara County Records, running thence North 56° 39' West along said Southwesterly line of El Camino Real for a distance of 2784.83 feet; thence leaving said line of El Camino Real, South 33° 21' West 1585.78 feet; thence North 56° 39' West 364.11 feet to the True Point of Beginning of this description: thence from said true point of beginning South 33° 24' 55" West 589.71 feet to the Southwesterly line of that certain 5.479 acre tract of land described in the Memorandum of Lease executed by and between the Board of Trustees of the Leland Stanford Junior University, Lessor, and Beckman Instruments, Inc., Lessee dated December 28, 1955, recorded January 11, 1956 in Book 3384 of Official Records, Page 14, Santa Clara County Records; thence South 56° 38' East along said Southwesterly line, 364.78 feet to the Southern most corner thereof; thence South 56° 26' 07" East 305.53 feet; thence South 33° 56' 20" West 148.13 feet; thence South 56° 23' 40" East 259.62 feet to a point on a line which is parallel with and distant Northwesterly 90.00 feet at right angles from the center line of Page Mill Road (60.00 feet in width), thence North 33° 28' 37" East along said parallel line, 740.15 feet to a point which bears South 56° 39' East from the true point of beginning; thence North 56° 39' West 930.24 feet to the true point of beginning.

Parcel Two:

An easement for the purpose of ingress and egress over a strip of land, 60.00 in width, the Northwesterly line of which is more particularly described as follows:

Beginning at the Southernmost corner of the 12.063 acre tract described in the Memorandum of Agreement Adding Additional Lands to Lease executed by and between the Board of Trustees of the Leland Stanford Junior University, Lessor and Beckman Instruments Inc., Lessee dated May 15, 1957, recorded July 1, 1957 in Book 3834 Page 181, Santa Clara County Records; thence from said point of beginning North 33° 28' 37" East along the Southeasterly line of said 12.063 acre tract, 740.15 feet to the Easternmost corner thereof and the terminus of said easement. Said easement of ingress and egress shall cease and terminate forthwith upon notice from Lessor to Lessee that the State of California or other Governmental body (i) has acquired the fee title to the property subject to said easement, (ii) has acquired an interest in said property inconsistent with the use and enjoyment by Lessee of said easement, or (iii) has acquired the right of possession of said property or said easement.

APN: 142-20-091

EXHIBIT E

FORM OF ESTOPPEL CERTIFICATE

_____, 20____

_____
_____
_____
_____

Re _____
_____, California

Ladies and Gentlemen:

Reference is made to that certain Lease, dated as of _____, 20___, between 1050 Page Mill Road Property, LLC, a Delaware limited liability company ("**Landlord**"), and the undersigned (herein referred to as the "**Lease**"). A copy of the Lease [and all amendment thereto] is[are] attached hereto as **Exhibit A**. At the request of Landlord in connection with [_____ State reasons for request for estoppel certificate _____], the undersigned hereby certifies to Landlord and to [state names of other parties requiring certification (*e.g.*, lender, purchaser, investor)] ("**Lender**"/ "**Purchaser**"/ "**Investor**") and each of your respective successors (each, a "**Recipient**") and assigns as follows:

1. The undersigned is the tenant under the Lease.

2. The Lease is in full force and effect and has not been amended, modified, supplemented or superseded by the undersigned except as indicated in Exhibit A.

3. To the current, actual knowledge of the undersigned, there is no defense, offset, claim or counterclaim by or in favor of the undersigned against Landlord under the Lease or against the obligations of the undersigned under the Lease. The undersigned has no renewal, extension or expansion option, no right of first offer or right of first refusal and no other similar right to renew or extend the term of the Lease or expand the property demised thereunder except as may be expressly set forth in the Lease.

4. All improvements to be constructed in the Leased Premises by Landlord, if any, have been completed and accepted by Tenant, and any tenant construction or other allowances have been paid in full. **[DRAFTING NOTE: If any Landlord work is not completed or any allowances are not fully funded as of the date the estoppel is sent to Tenant, revise accordingly.]**

5. To the current, actual knowledge of the undersigned, there is no default now existing of the undersigned or of Landlord under the Lease, nor of any event which with notice or the passage of time or both would constitute a default of the undersigned or of Landlord under the Lease.

6. The monthly rent due under the Lease is $_____ and has been paid through _____, and all additional rent due and payable under the Lease has been paid through _____.

7. The term of the Lease commenced on _____, and expires on _____, unless sooner terminated pursuant to the provisions of the Lease.

8. The undersigned has deposited the sum of $_____ with Landlord as security for the performance of its obligations as tenant under the Lease, and no portion of such deposit has been applied by Landlord to any obligation under the Lease.

9. There is no free rent period pending. [TO BE MODIFIED AS APPROPRIATE]

The undersigned's "actual knowledge" means the current, actual knowledge of the person executing this document on behalf of the undersigned, without any duty of investigation (other than inquiry of the appropriate personnel of the undersigned who have responsibility for administration of the Lease in accordance with the undersigned's standard procedures applicable to its leasing program).

10. The undersigned's certifications are made solely to estop the undersigned from asserting to or against the Recipient facts or claims contrary to those stated. This estoppel certificate does not constitute an independent contractual undertaking or constitute representations, warranties or covenants, and does not create any liability of the undersigned or have legal consequences for breach other than estopping the undersigned from asserting to or against Recipient (including but not limited to, in defense of any legal claim) any contrary facts or claims. This estoppel certificate does not modify in any way Landlord's relationship, obligations or rights vis-à-vis the undersigned.

The above certifications are made to Landlord and [Lender/ Purchaser/ Investor] knowing that Landlord and [Lender/ Purchaser/ Investor] will rely thereon in [making a loan secured in part by an assignment of the Lease/ accepting an assignment of the Lease/ investing in Landlord/other].

Very truly yours,

_____
By:
Name:
Title:

SUBLEASE

BY AND BETWEEN

1050 Page Mill Road Property, LLC,
a Delaware limited liability company

as Landlord

and

Kodiak Sciences Inc.,
a Delaware corporation

as Tenant

June 19, 2020

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SUBLEASE

THIS SUBLEASE, defined as the "**Lease**" herein and dated June 19, 2020 for reference purposes only, is made by and between **1050 Page Mill Road Property, LLC**, a Delaware limited liability company ("**Landlord**") and **Kodiak Sciences Inc.**, a Delaware corporation [Nasdaq: KOD] ("**Tenant**"), to be effective and binding upon the parties as of the date the last of the designated signatories to this Lease shall have executed this Lease (the "**Effective Date of this Lease**").

A. Ground Lessor is the fee owner of the Property (as such terms are defined below in Article 1).

B. Landlord leases the Property from Ground Lessor pursuant to the Ground Lease (as such terms are defined below in Article 1).

C. Tenant desires to sublease Building 4 from Landlord, and Landlord desires to sublease Building 4 to Tenant, on the terms and conditions set forth in this Lease.

NOW, THEREFORE, Landlord and Tenant hereby agree as follows:

ARTICLE 1
REFERENCE

1.1 References. All references in this Lease (subject to any further clarifications contained in this Lease) to the following terms shall have the following meaning or refer to the respective address, person, date, time period, amount, percentage, calendar year or fiscal year as below set forth:

Landlord's Representative:	Jason Chow
Phone Number:	(650) 344-1500
Lease Commencement Date:	The date that Landlord delivers the Leased Premises to Tenant in the Required Delivery Condition (as defined in the Work Letter attached hereto), currently anticipated to occur on or before July 1, 2020, but in no event earlier than the Anticipated Delivery Date.
Anticipated Delivery Date:	July 1, 2020.
Rent Commencement Date:	The earlier of (i) fourteen (14) months after the Lease Commencement Date, subject to extension as a result of Covid-19-Related Delays (as defined in Section 13.9 below), or (ii) the date Tenant occupies a significant portion of the Leased Premises for the conduct of its business.
Initial Term:	The period commencing on the Lease Commencement Date and expiring thirteen (13) years thereafter.

Lease Expiration Date:	Thirteen (13) years after the Lease Commencement Date, unless earlier terminated in accordance with the terms of this Lease, or extended by Tenant pursuant to Article 15.
Option(s) to Extend:	Two (2) options to extend for a term of five (5) years each.
First Month's Prepaid Rent:	$524,246.40.
Tenant's Security Deposit:	$7,811,271, subject to reduction as described in Paragraph 3.7 below.
Late Charge Amount:	Three Percent (3%) of the Delinquent Amount
Tenant's Required Liability Coverage:	$5,000,000 Combined Single Limit
Property:	That certain real property situated in the City of Palo Alto, County of Santa Clara, State of California, as presently improved with four 2-story buildings, which real property is shown on the Site Plan attached hereto as **Exhibit A** and is commonly known as or otherwise described as follows: 1050 Page Mill Road, Palo Alto, California.
Building 4:	That certain building constructed on the Property and in which the Leased Premises are to be located identified as Building 4, with an address of 1250 Page Mill Road in Palo Alto, California ("**Building 4**"), which Building is denoted on the Site Plan as Building 4.
Common Areas:	The term "**Common Areas**" shall mean all areas within the Property from time to time not reserved for the exclusive use of Landlord, Tenant or any other tenant, such as entranceways, surface parking areas, circulation roads, and certain landscaped areas; provided, however, that the Exclusive Use Common Areas shall constitute Common Areas for purposes of this Lease, notwithstanding that such areas are reserved for the use of the building to which they are attached or adjacent. Landlord reserves the right to make changes to the Common Areas (other than the Exclusive Use Common Areas) as it deems reasonably necessary. Common Areas shall not include the interior of any Other Buildings. Landlord reserves the right to grant rights in the Common Areas (other than the Exclusive Use Common Areas) as more fully described in Paragraph 4.10 below.
Exclusive Use Common Areas:	The "**Exclusive Use Common Areas**" shall mean the areas so denoted on the Site Plan.

Building 4

Parking Ratio:	With respect to the Leased Premises, Tenant shall be entitled to utilize 3.2 unreserved and unassigned (except as provided below in this paragraph) parking spaces for each one thousand (1,000) net rentable square feet of Leased Premises (as the same may change from time to time in accordance with the terms of this Lease or an amendment hereto), such spaces to be located in the Common Areas and in the Building 4 underground parking garage. So long as Tenant is leasing the entirety of Building 4: (a) Tenant shall have the exclusive right to all parking spaces located in the Building 4 parking garage as shown on **Schedule 1** attached hereto, (b) Tenant shall have the right to paint "Kodiak Sciences Parking" on all of the surface parking spaces highlighted in green on **Schedule 1**, (c) the eight (8) surface parking spaces adjacent to Building 4 labeled "(8) Future Electric Vehicle Charging Stalls (Conduit Ready)" on **Schedule 1**, shall, at Landlord's sole expense, include conduits for installation by Tenant at Tenant's expense of Level 2 electric vehicle charging stations, and (d) the four (4) parking spaces located in the Building 4 parking garage labeled "(4) Future Garage EV Charging Stalls (Conduit Ready)" on **Schedule 1**, shall, at Landlord's sole expense, include conduits for installation by Tenant at Tenant's expense of Level 2 electric vehicle charging stations (the spaces described in clauses(c) and (d) being defined collectively as the "**EV Available Spaces**"). If Tenant desires to install electric vehicle charging stations for the EV Available Spaces, or for any other spaces within the Building 4 parking garage or the surface parking allocated to Tenant, such installation shall be at Tenant's sole cost and expense, and Tenant must comply with Article 6 of the Lease in making any such installations. Tenant acknowledges that Landlord does not police the use of parking spaces in the parking garage or in the surface parking areas. Parking is provided to Tenant by Landlord without additional charge for the entire Lease Term including any expansion and/or extension periods.
HVAC:	Heating, ventilating, and/or air conditioning.

Leased Premises:	The interior of Building 4 (including the elevator lobby of the Building 4 underground parking garage) and all the interior space within Building 4, including but not limited to stairwells, elevator shafts, covered balcony space, and upper portions of open lobbies. The Leased Premises have been measured by Landlord and by Tenant, utilizing the Measurement Method (defined below) and both parties agree that the Leased Premises contain 72,812 rentable square feet ("**RSF**"). As used herein, the term "**Measurement Method**" means the Building Owners and Managers Association Gross Area of a Building: Standard Methods of Measurement (ANSI/BOMA Z65.3-2009), Construction Gross Area, and includes exterior covered decks, balconies, and upper portions of open lobbies. The RSF of the Leased Premises as so measured and determined pursuant to this paragraph shall be the rentable area of the Leased Premises for all purposes under this Lease.
Tenant's Building Share:	The term "**Tenant's Building Share**" shall mean the percentage obtained by dividing the rentable square footage of the Leased Premises at the time of calculation by the rentable square footage of Building 4 at the time of calculation. Such percentage is currently 100%.
Tenant's Property Share:	The term "**Tenant's Property Share**" shall mean the percentage obtained by dividing the rentable square footage of the Leased Premises at the time of calculation by the rentable square footage of Building 4 and the Other Buildings at the time of calculation. Such percentage is currently 23.42%. In the event that any portion of the Property is sold by Landlord, or if new improvements are constructed on the Property, or if the rentable square footage of the Leased Premises, Building 4, or the Other Buildings is otherwise changed, Tenant's Property Share shall be recalculated to equal the percentage described in the first sentence of this paragraph, so that the aggregate Tenant's Property Share of all RSF at the Property shall equal 100%.
Standard Interest Rate:	The term "**Standard Interest Rate**" shall mean the greater of (a) 8%, or (b) the sum of that rate quoted by Wells Fargo Bank, N.T. & S. A., from time to time as its prime rate, plus two percent (2%), but in no event more than the maximum rate of interest not prohibited or made usurious.
Default Interest Rate:	The term "**Default Interest Rate**" shall mean the Standard Interest Rate, plus five percent (5%), but in no event more than the maximum rate of interest not prohibited or made usurious.
GAAP:	Generally accepted accounting principles, consistently applied.
Building 2:	That certain building constructed on the Property identified as Building 2, with an address of 1100 Page Mill Road in Palo Alto, California ("**Building 2**"), which Building is denoted on the Site Plan as Building 2. The rentable square footage of Building 2, as determined in accordance with the Measurement Method, is 72,812.

Building 4

Building 3:	That certain building constructed on the Property identified as Building 3, with an address of 1200 Page Mill Road in Palo Alto, California ("**Building 3**"), which Building is denoted on the Site Plan as Building 3. The rentable square footage of Building 3, as determined in accordance with the Measurement Method, is 82,662.
Building 1:	That certain building constructed on the Property identified as Building 1, with an address of 1000 Page Mill Road in Palo Alto, California ("**Building 1**"), which Building is denoted on the Site Plan as Building 1. The rentable square footage of Building 1, as determined in accordance with the Measurement Method, is 82,662.
Other Buildings:	Buildings 1, 2, and 3, and such other buildings as may be built on the Property from time to time.
Ground Lease:	That certain Lease dated as of June 25, 1998, but effective as of December 28, 1955 (as amended to date), between Ground Lessor and Beckman Coulter, Inc., predecessor in interest to BC Palo Alto, LLC (which is the predecessor in interest to Landlord), pursuant to which Landlord leases the Property from Ground Lessor.
Ground Lessor:	The Board of Trustees of the Leland Stanford Junior University, a body having corporate powers under the laws of the State of California.
Base Monthly Rent:	The term "**Base Monthly Rent**" shall mean the following:

Period*	Base Monthly Rent
Months 1-12	$0.00
Months 13-24	$539,973.79
Months 25-36	$556,173.01
Months 37-48	$572,858.20
Months 49-60	$590,043.94
Months 61-72	$607,745.26
Months 73-84	$625,977.62
Months 85-96	$644,756.95
Months 97-108	$664,099.65
Months 109-120	$684,022.64
Months 121-132	$704,543.32
Months 133-142**	$725,679.62

*Commencing on the Rent Commencement Date.

**Based on the Rent Commencement Date not occurring earlier than 14 months after the Lease Commencement Date; if it does, this schedule shall be extended by the number of months early (prorated if applicable and including a 3% increase in Month 145, if applicable).

Building 4

Permitted Use:	General office, laboratory, and any other legally permitted uses, to the extent in compliance with the Ground Lease, all Laws and Restrictions, and no other uses.
Exhibits:	The term "**Exhibits**" shall mean the Exhibits and Schedules of this Lease which are described as follows:
	Schedule 1 – Parking
	Schedule 2 – Ground Lease
	Exhibit A - Site Plan showing the Property and delineating Building 4 in which the Leased Premises are located.
	Exhibit B – Work Letter
	Exhibit C – Lease Commencement Date Certificate
	Exhibit D – Release of Ground Lessor
	Exhibit E – Subordination, Nondisturbance and Attornment Provisions
	Exhibit F – Form of Tenant Estoppel Certificate

ARTICLE 2
LEASED PREMISES, TERM AND POSSESSION

2.1 Demise Of Leased Premises. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, for the Lease Term and upon the terms and subject to the conditions of this Lease, that certain interior space described in Article 1 as the Leased Premises. The effectiveness of this Lease is subject to the receipt by Landlord and Tenant of the consent of the Ground Lessor as described in Paragraph 4.15 below, and if Ground Lessor does not so consent by the date which is thirty (30) days after the Effective Date of this Lease, this Lease shall automatically terminate and be null and void. Tenant's lease of the Leased Premises, together with the appurtenant right to use the Common Areas as described in Paragraph 2.2 below, are subject to all easements and other matters now of public record respecting the use of the Leased Premises and Property. Notwithstanding any provision of this Lease to the contrary, Landlord hereby reserves to itself for maintenance and repair purposes only, all rights of access, use and occupancy of the Building roof, and Tenant's rights of access, use or occupancy of the Building roof shall be solely as set forth in Paragraph 4.14 below or as is otherwise required in order to enable Tenant to perform Tenant's maintenance and repair obligations pursuant to this Lease.

2.2 Right To Use Common Areas. As an appurtenant right to Tenant's right to the use and occupancy of the Leased Premises, Tenant shall have the right to use the Common Areas, in conjunction with its use of the Leased Premises solely for the purposes for which they were designed and intended and for no other purposes whatsoever. Tenant's right to so use the Common Areas shall terminate concurrently with any termination of this Lease. Further, Landlord shall have the right, from time to time, to reconfigure the Common Areas or modify the size of the Common Areas in connection with new construction on the Property or transfers of portions of the Property, provided that Tenant's access to the

Building 4
Leased Premises is not materially adversely affected and the number of parking spaces available for Tenant's exclusive or non-exclusive use at the Property is not reduced thereby. So long as Tenant is leasing the entirety of Building 4, Tenant shall have the right, at Tenant's sole cost, to use the Exclusive Use Common Area attached or adjacent to Building 4 (a) for patio purposes, and (b) for outdoor storage structures; *provided, however*, that in order to be able to use the same for outdoor storage, Tenant must comply with all Laws and Restrictions and Article 6 below, and obtain all necessary approvals from the Ground Lessor, the City of Palo Alto, and any other agencies with jurisdiction. Tenant acknowledges that Landlord has informed it that the Property has been improved to the maximum floor area ratio allowed by the City of Palo Alto, which may prevent Tenant from constructing storage structures outside of Building 4.

2.3 Lease Commencement Date And Lease Term. Subject to Paragraph 2.4 below, the term of this Lease shall begin on the Lease Commencement Date, as set forth in Article 1. The term of this Lease shall in all events end on the Lease Expiration Date (as set forth in Article 1). The Lease Term shall be that period of time commencing on the Lease Commencement Date and ending on the Lease Expiration Date (the "Lease Term").

2.4 Delivery Of Possession.

(a) Landlord shall construct certain core and shell improvements (the "**Landlord's Work**") to Building 4 pursuant to the Work Letter attached hereto as **Exhibit B** and hereby incorporated herein (the "**Work Letter**"), and shall use commercially reasonable efforts to do so on or prior to the Anticipated Delivery Date. If the Lease Commencement Date has not occurred on or prior to the Anticipated Delivery Date, Landlord shall not be in default under this Lease, nor shall this Lease be void, voidable or cancelable by Tenant until the lapse of ninety (90) days after the Anticipated Delivery Date (the "**Delivery Grace Period**"). Additionally, the Delivery Grace Period above set forth shall be extended for such number of days as Landlord may be delayed in delivering possession of the Leased Premises to Tenant by reason of Excusable Delay. If Landlord is unable to deliver possession of the Leased Premises in the agreed condition to Tenant within the described Delivery Grace Period (including any extension thereof by reason of Excusable Delay), then Tenant's sole remedy shall be to terminate this Lease by written notice delivered to Landlord within ten (10) days after the expiration of the Delivery Grace Period (as extended, if applicable), and in no event shall Landlord be liable in damages to Tenant for such delay. As used herein, the term "Excusable Delay" means any Tenant Delay plus up to ninety (90) days of Force Majeure delays.

(b) Landlord represents and warrants to Tenant that upon delivery of Building 4 to Tenant on the Lease Commencement Date: (i) Building 4 will be in compliance with the building code requirements (including those relating to seismic and structural strength, the Americans With Disabilities Act, and Title 24) applicable thereto as of the date the building permit was issued for the Base Building Work, and (ii) the mechanical, electrical, plumbing, sewer, window, and roofing systems (i.e., structural roof and membrane), and the foundation, structural walls, and windows, installed in Building 4 by Landlord, as well as the Common Areas, to the extent applicable to Building 4 and not the balance of the Property, will be in good operating condition. It is agreed that by accepting possession of the Leased Premises on the Lease Commencement Date, Tenant formally accepts same and acknowledges that the Leased Premises are in the condition called for hereunder, subject only to the foregoing representations and warranties of Landlord. Promptly upon request by the other after the Lease Commencement Date has occurred, Landlord and Tenant agree to execute and deliver a Lease Commencement Date Certificate in the form of **Exhibit C** attached hereto.

(c) Notwithstanding the foregoing subparagraph (b) but subject to any damage or injury thereto, or any misuse thereof, caused by Tenant or any of the Tenant Parties, Landlord warrants that for the period starting on the Lease Commencement Date and ending twenty- four (24) months following the Lease Commencement Date (the "**Warranty Period**"), the HVAC system, life safety, mechanical, electrical, elevator, plumbing, and roofing systems (i.e., structural roof and membrane) of the Building (collectively, the "**Building Systems**"), shall be in good working order and condition (the "**Warranted Condition**"). If at any time within the Warranty Period, any of such Building Systems within the Leased Premises fails to be in the Warranted Condition and Landlord has actual knowledge (as defined below) thereof or Tenant accurately notifies Landlord of the same promptly after obtaining knowledge thereof, in each case on or prior to the expiration of the Warranty Period, then Landlord shall, following timely written notice from Tenant identifying such failure with reasonable specificity, perform the work as is reasonably necessary to cure such failure of the Warranted Condition at Landlord's sole cost and expense (and not as a Property Operating Expense). For purposes of this Paragraph 2.4 (b), the term "**actual knowledge**" means the actual, then current knowledge of Jason Chow, and Landlord's designated property manager(s) for the Leased Premises (or Landlord's designated replacements, if applicable, of such individuals so long as such replacements have similar level of knowledge regarding the Property as the named individuals), without imputation or any duty of inquiry or independent investigation. Notwithstanding anything herein to the contrary, it is the intention of Landlord and Tenant that Landlord's obligations pursuant to this Paragraph 2.4 be limited to the repair or replacement of relevant items that are not in the Warranted Condition and in no event shall the terms of this Paragraph 2.4 be deemed to make Landlord, and not Tenant, responsible for the maintenance of such items pursuant to the terms of Paragraph 5.1(a) of this Lease. If Tenant does not make an accurate written claim against Landlord for a breach of such representation and warranty promptly after obtaining knowledge thereof and prior to expiration of the Warranty Period in accordance with the preceding provisions of this Paragraph 2.4(c), then Landlord shall have no further obligation or liability with respect to such provision, but Landlord and Tenant shall remain bound by their respective maintenance and repair obligations pursuant to the terms of Article 5 of this Lease. Except as specifically set forth in this Lease and in the Work Letter, Landlord shall not be obligated to provide or pay for any improvement work or services related to the improvement of the Leased Premises. Promptly upon request by the other after the Lease Commencement Date has occurred, Landlord and Tenant agree to execute and deliver a Lease Commencement Date Certificate in the form of **Exhibit C** attached hereto.

2.5 Performance Of Tenant Improvements; Acceptance Of Possession. Tenant shall, pursuant to the Work Letter, perform the work and make the installations in the Leased Premises substantially as set forth in the Work Letter (such work and installations hereinafter referred to as the "**Tenant Improvements**").

2.6 Surrender Of Possession. Immediately prior to the expiration or upon the sooner termination of this Lease, Tenant shall remove all of Tenant's signs from the exterior of Building 4 and shall remove all of Tenant's equipment (including telecommunications wiring and cabling, unless Landlord otherwise elects), trade fixtures, furniture, supplies, wall decorations and other personal property from within the Leased Premises, Building 4 and the Common Areas, and shall vacate and surrender the Leased Premises, Building 4, the Common Areas and the Property to Landlord in the same condition, broom clean, as existed at the Lease Commencement Date, reasonable wear and tear excepted. Tenant shall be required to remove all Non-Standard Improvements (as defined below) and repair all damage caused by such removal, but shall not be required to remove any other alterations, modifications, or improvements. As used herein, "**Non-Standard Improvements**" shall mean any alterations, modifications, or improvements that (i) affect any of Building 4's structures or materially affect any of the Building's systems, or (ii) are visible from outside Building 4, or (iii) contain Hazardous Materials (as defined in Paragraph 4.11 below), or (iv) are of a type or quantity that would not typically be installed by or for a typical tenant using space for the Permitted Use, and Non-Standard Improvements include, but

are not limited to, the following: (A) raised floors, (B) voice, data, and other cabling, (C) specialty data center rooms, (D) libraries, (E) any areas requiring floor reinforcement or enhanced system requirements, (F) any internal staircase(s), (G) the portion of any fitness center exceeding five thousand (5,000) square feet of the Leased Premises, and (H) any kitchen(s) exceeding three thousand five hundred (3,500) square feet of Building 4 (provided that Landlord acknowledges and agrees that Tenant may use the area adjacent to the kitchen(s) for one (1) or more cafeterias and associated dining space, which cafeteria(s) shall not be subject to any square footage threshold or limits for purposes of restoration so long as such spaces are designed, approved by Landlord, and constructed in accordance with the requirements of the Work Letter and do not contain specialty cooking equipment), and do not fit within the categories described in clauses (i), (ii), or (iii) above. Landlord shall act reasonably in determining what alterations, modifications, or improvements constitute Non-Standard Improvements. Tenant shall repair all damage to the Leased Premises, the exterior of Building 4 and the Common Areas caused by Tenant's removal of Tenant's property. If Landlord elects by written notice to Tenant not later than sixty (60) days prior to the termination or expiration of the Term to require Tenant to surrender Tenant's telecommunications wiring and cabling, then Tenant shall leave the same in good condition and repair and labeled and/or coded sufficiently so that Landlord can readily determine the origin, destination and function of the wires and cables; otherwise the same shall be removed. Tenant shall patch and refinish, to Landlord's reasonable satisfaction, all penetrations made by Tenant or its employees to the floor, walls or ceiling of the Leased Premises, whether such penetrations were made with Landlord's approval or not. Tenant shall repair or replace all stained or damaged ceiling tiles, wall coverings and floor coverings to the reasonable satisfaction of Landlord. Subject to Paragraph 9.3 below, Tenant shall repair all damage caused by Tenant to the exterior surface of Building 4. If the Leased Premises, Building 4, the Common Areas and the Property are not surrendered to Landlord in the condition required by this paragraph at the expiration or sooner termination of this Lease, Landlord may, at Tenant's expense, so remove Tenant's signs, property and/or improvements not so removed and make such repairs and replacements not so made or hire, at Tenant's expense, independent contractors to perform such work. Tenant shall be liable to Landlord for all costs incurred by Landlord in returning the Leased Premises, Building 4 and the Common Areas to the required condition, together with interest on all costs so incurred from the date paid by Landlord at the Default Interest Rate until paid. Tenant shall pay to Landlord the amount of all costs so incurred plus such interest thereon, within thirty (30) days of Landlord's billing Tenant for same.

2.7 Accessibility. In accordance with California Civil Code Section 1938, Landlord hereby informs Tenant that as of the Effective Date, the Leased Premises has not been inspected by a Certified Access Specialist (as defined in California Civil Code Section 55.52(3)) ("CASp"). California Civil Code Section 1938(e) provides:

"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."

Accordingly, Landlord and Tenant hereby mutually agree that if Tenant desires to obtain a CASp inspection, (i) the CASp inspection shall be at Tenant's sole cost and expense, (ii) the inspection shall be performed by a CASp that is currently certified in California and has been reasonably approved by Landlord, (iii) the CASp inspection shall take place during regular business hours with at least five (5) business days' prior written notice to Landlord, (iv) Tenant shall promptly provide Landlord with a copy of the final report prepared in connection with the CASp inspection (the "**CASp Report**"), and (v) the

responsibility for making any repairs or modifications necessary to correct violations of construction-related accessibility standards that are noted in the CASp Report shall be allocated as provided in this Lease (the "**Required Modifications**"). The Required Modifications shall be performed in a good and workmanlike manner in compliance with all of the terms of the Lease.

Tenant hereby acknowledges and agrees that the CASp Report is to be kept strictly confidential, except as necessary for Tenant to complete repairs and correct violations of construction-related accessibility standards as noted in the CASp Report. Accordingly, except as provided above or as may be required by law or court order, Tenant shall not release, publish or otherwise distribute (and shall not authorize or permit any other person or entity to release, publish or otherwise distribute) any information contained in the CASp Report. Tenant's obligations hereunder shall survive the expiration or earlier termination of the Lease.

ARTICLE 3
RENT, LATE CHARGES AND SECURITY DEPOSITS

3.1 **Base Monthly Rent**. Commencing on the Rent Commencement Date (as determined pursuant to Paragraph 2.3 above) and continuing throughout the Lease Term, Tenant shall pay to Landlord, without prior demand therefor, in advance on the first day of each calendar month, cash or other immediately available good funds in the amount set forth as "Base Monthly Rent" in Article 1 (the "**Base Monthly Rent**"). Notwithstanding the foregoing, no Base Monthly Rent shall be due or payable for each of the first twelve (12) months after the Rent Commencement Date, as is described in the schedule of Base Monthly Rent set forth in Article 1 hereto.

3.2 **Additional Rent**. Commencing on the Rent Commencement Date (as determined pursuant to Paragraph 2.3 above) and continuing throughout the Lease Term, in addition to the Base Monthly Rent and to the extent not required by Landlord to be contracted for and paid directly by Tenant, Tenant shall pay to Landlord as additional rent (the "**Additional Rent**"), cash or other immediately available good funds in the following amounts:

(a) An amount equal to all Property Operating Expenses (as defined in Article 13) incurred or to be incurred by Landlord. Payment shall be made by whichever of the following methods (or combination of methods) is (are) from time to time designated by Landlord:

(i) Landlord may bill to Tenant, on a periodic basis not more frequently than monthly, the amount of such expenses (or group of expenses) as paid or incurred by Landlord, and Tenant shall pay to Landlord the amount of such expenses within thirty (30) days after receipt of a written bill therefor from Landlord, and/or

(ii) Landlord may deliver to Tenant Landlord's reasonable estimate of any given expense (such as Landlord's Insurance Costs or Real Property Taxes), or group of expenses, which it anticipates will be paid or incurred for the ensuing calendar or fiscal year, as Landlord may determine, and Tenant shall pay to Landlord an amount equal to the estimated amount of such expenses for such year in equal monthly installments during such year with the installments of Base Monthly Rent. Landlord reserves the right to revise such estimate from time to time, not more frequently than once per calendar year.

(b) Landlord's share of the consideration received by Tenant upon certain assignments and sublettings as required by Article 7.

(c) Any legal fees and costs that Tenant is obligated to pay or reimburse to Landlord pursuant to Article 13; and

(d) Any other charges or reimbursements due Landlord from Tenant pursuant to the terms of this Lease.

3.3 Year-End Adjustments. If Landlord shall have elected to bill Tenant for the Property Operating Expenses (or any group of such expenses) on an estimated basis in accordance with the provisions of Paragraph 3.2(a)(iii) above, Landlord shall furnish to Tenant within four months following the end of the applicable calendar or fiscal year, as the case may be, a statement setting forth (i) the amount of such expenses paid or incurred during the just ended calendar or fiscal year, as appropriate, and (ii) the amount that Tenant has paid to Landlord for credit against such expenses for such period. If Tenant shall have paid more than its obligation for such expenses for the stated period, Landlord shall, at its election, either (i) credit the amount of such overpayment toward the next ensuing payment or payments of Additional Rent that would otherwise be due or (ii) refund in cash to Tenant the amount of such overpayment. If such year-end statement shall show that Tenant did not pay its obligation for such expenses in full, then Tenant shall pay to Landlord the amount of such underpayment within thirty (30) days from Landlord's billing of same to Tenant.

3.4 Late Charge, And Interest On Rent In Default. Tenant acknowledges that the late payment by Tenant of any monthly installment of Base Monthly Rent or any Additional Rent will cause Landlord to incur certain costs and expenses not contemplated under this Lease, the exact amounts of which are extremely difficult or impractical to fix. Such costs and expenses will include without limitation, administration and collection costs and processing and accounting expenses. Therefore, if any installment of Base Monthly Rent is not received by Landlord from Tenant within five (5) calendar days after the same becomes due, Tenant shall immediately pay to Landlord a late charge in an amount equal to the amount set forth in Article 1 as the "**Late Charge Amount**," and if any Additional Rent is not received by Landlord when the same becomes due, Tenant shall immediately pay to Landlord a late charge in an amount equal to 3% of the Additional Rent not so paid. Landlord and Tenant agree that this late charge represents a reasonable estimate of such costs and expenses and is fair compensation to Landlord for the anticipated loss Landlord would suffer by reason of Tenant's failure to make timely payment. Notwithstanding the foregoing, Landlord will waive the Late Charge Amount (a) with respect to the first two (2) late payments of Rent in any calendar year up to three (3) times during the initial Lease Term, and (b) with respect to one (1) additional late payment of Rent during the Extension Period, if applicable, in each case only if such installment of Rent is received by Landlord within three (3) business days after Tenant's receipt of a late notice from Landlord. In no event shall this provision for a late charge be deemed to grant to Tenant a grace period or extension of time within which to pay any rental installment or prevent Landlord from exercising any right or remedy available to Landlord upon Tenant's failure to pay each rental installment due under this Lease when due, including the right to terminate this Lease. If any rent remains delinquent for a period in excess of five (5) calendar days, then, in addition to such late charge, Tenant shall pay to Landlord interest on any rent that is not so paid from said fifth day at the Default Interest Rate until paid.

3.5 Payment Of Rent. Except as specifically provided otherwise in this Lease, all rent shall be paid in lawful money of the United States, without any abatement, reduction or offset for any reason whatsoever, to Landlord at such address as Landlord may designate from time to time. Tenant shall be permitted to pay rent via ACH or electronic funds transfer. Tenant's obligation to pay Base Monthly Rent and all Additional Rent shall be appropriately prorated at the commencement and expiration of the Lease Term. The failure by Tenant to pay any Additional Rent as required pursuant to this Lease when due shall be treated the same as a failure by Tenant to pay Base Monthly Rent when due, and Landlord shall have the same rights and remedies against Tenant as Landlord would have had Tenant failed to pay the Base Monthly Rent when due.

3.6 **Prepaid Rent**. Tenant shall, upon execution of this Lease, pay to Landlord the amount set forth in Article 1 as First Month's Prepaid Rent, as prepayment of rent for credit against the first installment of Base Monthly Rent and Additional Rent due hereunder.

3.7 **Security Deposit**.

(a) Tenant shall deposit concurrently with Tenant's execution of this Lease, with Landlord the amount set forth in Article 1 as the "**Security Deposit**" as security for the performance by Tenant of the terms of this Lease to be performed by Tenant, and not as prepayment of rent. Tenant shall have the right to provide a letter of credit in lieu of cash as provided in Paragraph 3.7(c) below. Tenant hereby grants to Landlord a security interest in the Security Deposit, including but not limited to replenishments thereof. Landlord may apply such portion or portions of the Security Deposit as are reasonably necessary for the following purposes: (i) to remedy any default by Tenant beyond any notice or cure period expressly provided for in this Lease, in the payment of Base Monthly Rent or Additional Rent or a late charge or interest on defaulted rent, or any other monetary payment obligation of Tenant under this Lease; (ii) to repair damage to the Leased Premises, the Building or the Common Areas caused or permitted to occur by Tenant and not cured within any applicable notice or cure period expressly provided for in this Lease; (iii) to clean and restore and repair the Leased Premises, the Building or the Common Areas following their surrender to Landlord if not surrendered in the condition required pursuant to the provisions of Article 2, (iv) to remedy any other default of Tenant beyond any notice or cure period expressly provided for in this Lease, including, without limitation, paying in full on Tenant's behalf any sums claimed by materialmen or contractors of Tenant to be owing to them by Tenant for work done or improvements made at Tenant's request to the Leased Premises, and (v) to cover any other expense, loss or damage which Landlord may at any time suffer due to Tenant's default beyond any notice or cure period expressly provided for in this Lease. In this regard, Tenant hereby waives any restriction on the uses to which the Security Deposit may be applied as contained in Section 1950.7(c) of the California Civil Code and/or any successor statute. In the event the Security Deposit or any portion thereof is so used, Tenant shall pay to Landlord, promptly upon demand, an amount in cash sufficient to restore the Security Deposit to the full original sum. Landlord shall not be deemed a trustee of the Security Deposit. Landlord may use the Security Deposit in Landlord's ordinary business and shall not be required to segregate it from Landlord's general accounts. Tenant shall not be entitled to any interest on the Security Deposit. If Landlord transfers the Building or the Property during the Lease Term, Landlord may pay the Security Deposit to any subsequent owner in conformity with the provisions of Section 1950.7 of the California Civil Code and/or any successor statute, in which event the transferring landlord shall be released from all liability for the return of the Security Deposit upon the written assumption of Landlord's obligations relating to the Security Deposit by such successor. Tenant specifically grants to Landlord (and Tenant hereby waives the provisions of California Civil Code Section 1950.7 to the contrary) a period of ninety-one (91) days following a surrender of the Leased Premises by Tenant to Landlord within which to inspect the Leased Premises, make required restorations and repairs, receive and verify workmen's billings therefor, cure any other defaults, deduct any damages, and prepare a final accounting with respect to the Security Deposit. In no event shall the Security Deposit or any portion thereof, be considered prepaid rent.

(b) Provided that Tenant continues to be a publicly traded company on the NASDAQ exchange, then at such time as Tenant achieves a market capitalization of $5,000,000,000 and provided that Tenant is not then in material default under this Lease, the Security Deposit shall be reduced to $3,905,635.

(c) Notwithstanding the foregoing, Tenant may deliver to Landlord a clean, unconditional, irrevocable, transferable, letter of credit in lieu of cash for the Security Deposit (the "**Letter of Credit**") in form and issued by a financial institution ("**Issuer**") satisfactory to Landlord in its sole discretion. Landlord hereby approves Silicon Valley Bank as the Issuer. Tenant hereby waives any right to protest the Issuer's honoring of the Letter of Credit; if Tenant claims Landlord is not entitled to draw on the Letter of Credit, such claim shall be brought against Landlord pursuant to the terms of this Lease not against the Issuer. The Letter of Credit shall permit partial draws, and provide that draws thereunder will be honored upon presentation by Landlord. The Letter of Credit shall have an expiration period of one (1) year but shall automatically renew by its terms unless affirmatively cancelled by either Issuer or Tenant, in which case Issuer must provide Landlord 30 days' prior written notice of such expiration or cancellation. The Letter of Credit shall remain in effect until ninety-one (91) days after the Lease Expiration Date. Any amount drawn under the Letter of Credit and not utilized by Landlord for the purposes permitted by this Lease shall be held in accordance with subparagraph (a) of this Paragraph 3.7. If the Tenant fails to renew or replace the Letter of Credit as required under this Lease at least thirty (30) days before its stated expiration date, Landlord may draw upon the entire amount of the Letter of Credit. In the event Landlord assigns this Lease and transfers the Letter of Credit to the assignee, Landlord agrees to pay the Issuer's standard transfer fee (not in excess of $30,000) applicable to the Letter of Credit if charged by the Issuer.

ARTICLE 4
USE OF LEASED PREMISES AND COMMON AREA

4.1 Permitted Use. Tenant shall be entitled to use the Leased Premises on a 24/7/365 basis solely for the "Permitted Use" as set forth in Article 1 and for no other purpose whatsoever. Tenant shall have the right to vacate the Leased Premises at any time during the Term of this Lease, provided Tenant maintains the Leased Premises in the same condition as if fully occupied and as otherwise required by the terms of this Lease. Tenant shall have the right to use the Common Areas in conjunction with its Permitted Use of the Leased Premises.

4.2 General Limitations On Use. Tenant shall not do or permit anything to be done by any Tenant Parties in or about the Leased Premises, Building 4, the Common Areas or the Property which does or could (i) jeopardize the structural integrity of Building 4 or (ii) cause damage to any part of the Leased Premises, Building 4, the Common Areas or the Property. Tenant shall not operate any equipment within the Leased Premises which does or could (A) injure, vibrate or shake the Leased Premises or Building 4, (B) damage, overload or impair the efficient operation of any electrical, plumbing, and HVAC systems within or servicing the Leased Premises or Building 4, or (C) damage or impair the efficient operation of the sprinkler system (if any) within or servicing the Leased Premises or Building 4. Tenant shall not install any equipment or antennas on or make any penetrations of the exterior walls or roof except as provided in Paragraph 4.14 below. Tenant shall not affix any equipment to or make any penetrations or cuts in the floor, ceiling, walls or roof of the Leased Premises. Tenant shall not place any loads upon the floors, walls, ceiling or roof systems which could endanger the structural integrity of Building 4 or damage its floors, foundations or supporting structural components. Tenant shall not place any explosive, flammable or harmful fluids or other waste materials in the drainage systems of the Leased Premises, Building 4, the Common Areas or the Property. Tenant shall not drain or discharge any fluids in the landscaped areas or across the paved areas of the Property in violation of any Laws. Tenant shall not use any of the Common Areas for the storage of its materials, supplies, inventory or equipment and all such materials, supplies, inventory or equipment shall at all times be stored within the Leased Premises (or in covered structures in the Exclusive Use Common Areas if permitted by Laws). Tenant shall not commit nor permit to be committed by any of its employees, agents, vendors, invitees, guests, permittees, assignees, sublessees, or contractors (the "**Tenant Parties**"), any waste in or about the Leased Premises, Building 4, the Common Areas or the Property.

4.3 **Noise And Emissions**. All noise generated by Tenant in its use of the Leased Premises or the Common Areas shall be confined or muffled so that it does not interfere with the businesses of or annoy the occupants and/or users of adjacent properties. All dust, fumes, odors and other emissions generated by Tenant's use of the Leased Premises shall be sufficiently dissipated in accordance with sound environmental practice and exhausted from the Leased Premises in such a manner so as not to interfere with the businesses of or annoy the occupants and/or users of adjacent properties, or cause any damage to the Leased Premises, Building 4, the Common Areas or the Property or any component part thereof or the property of adjacent property owners.

4.4 **Trash Disposal**. Tenant shall provide trash bins or other adequate garbage disposal facilities within the trash enclosure areas provided or permitted by Landlord outside the Leased Premises sufficient for the interim disposal of all of its trash, garbage and waste. All such trash, garbage and waste temporarily stored in such areas shall be stored in such a manner so that it is not visible from outside of such areas, and Tenant shall cause such trash, garbage and waste to be regularly removed from the Property. Tenant shall keep the Leased Premises in a clean, safe and neat condition free and shall keep the Leased Premises and the Common Areas clear of all of Tenant's trash, garbage, waste and/or boxes, pallets and containers containing same at all times (provided that the same may be kept in covered structures in the Exclusive Use Common Areas if permitted by Laws).

4.5 **Parking**. Tenant shall not, at any time, park or permit to be parked any recreational vehicles, inoperative vehicles or equipment in the Building 4 underground parking garage or the Common Areas, or on any portion of the Property. Tenant agrees to assume responsibility for compliance by the Tenant Parties with the parking provisions contained herein. If Tenant or any of the Tenant Parties park any vehicle within the Property in violation of these provisions, then Landlord may, upon prior written notice to Tenant giving Tenant one (1) day (or any applicable statutory notice period, if longer than one (1) day) to remove such vehicle(s), in addition to any other remedies Landlord may have under this Lease, cause such vehicle to be towed and stored off the Property at Tenant's sole cost and expense. Tenant agrees to assume responsibility for compliance by the Tenant Parties with the parking provisions contained herein. Landlord reserves the right to grant easements and access rights to others for use of the parking areas on the Property, and to designate specific parking areas, other than those located in the subterranean parking garage below Building 4, for particular tenants of the Property, provided that such grants do not materially interfere with Tenant's use of the parking areas.

4.6 **Signs**. (a) Landlord will, at Landlord's sole cost, install commercially reasonable locational and directional signage for the Property. Except as provided in the following paragraph, Tenant shall not place or install on or within any portion of the Leased Premises, the exterior of Building 4, the Common Areas or the Property any sign, advertisement, banner, placard, or picture which is visible from the exterior of the Leased Premises or Building. Except as provided in the following paragraph, Tenant shall not place or install on or within any portion of the Leased Premises, the exterior of Building 4, the Common Areas or the Property any business identification sign which is visible from the exterior of the Leased Premises or Building until Landlord shall have approved in writing and in its reasonable discretion the location, size, content, design, method of attachment and material to be used in the making of such sign; *provided*, *however*, that so long as such signs are normal and customary business directional or identification signs within Building 4, Tenant shall not be required to obtain Landlord's approval. Any sign, once approved by Landlord, shall be installed at Tenant's sole cost and expense and only in strict compliance with Landlord's approval and any applicable Laws and Restrictions, using a person approved by Landlord to install same. Landlord may remove any signs (which have not been approved in writing by Landlord), advertisements, banners, placards or pictures so placed by Tenant on or within the Leased Premises, the exterior of Building 4, the Common Areas or the Property and charge to Tenant the cost of such removal, together with any costs incurred by Landlord to repair any damage caused thereby, including any cost incurred to restore the surface (upon which such sign was so affixed) to its original condition.

(b) Tenant acknowledges that signage is prohibited on the exterior of the Building. Subject to the terms of this Paragraph 4.6 and applicable Laws and Restrictions, and subject to the rights of the tenants of Buildings 2 and 3 to signage in the top-most position on the monument signs constructed for the Property, Tenant shall be entitled to install its name on the monument signage provided for the Property and to stencil its name on the entrance doors to the Leased Premises (collectively, "**Tenant's Pre-Approved Signage**"). Tenant's Pre-Approved Signage (including, without limitation, the size, design, colors and material thereof) shall not be installed without Tenant having first obtained the written approval of Landlord and any approval required by Ground Lessor and/or the City of Palo Alto. Tenant's Pre-Approved Signage shall be subject each of the following conditions:

(i) Tenant's Pre-Approved Signage shall be designed, maintained and installed in accordance with all applicable laws, rules and regulations.

(ii) Tenant may not change Tenant's Pre-Approved Signage without the reasonable prior written consent of Landlord.

(iii) All approvals and permits required to be obtained for the installation and maintenance of Tenant's Pre-Approved Signage shall be obtained and maintained at Tenant's sole cost and expense.

(iv) Tenant's Pre-Approved Signage will be constructed, installed and maintained at Tenant's sole cost and expense.

(v) Tenant shall install, operate, insure, maintain, repair and replace Tenant's Pre-Approved Signage (and the lighting therefor, if any) at Tenant's sole cost and expense subject to applicable code and such reasonable rules and regulations as Landlord may require, including, without limitation, Building 4's construction rules and regulations.

Tenant must remove Tenant's Pre-Approved Signage at Tenant's sole cost and expense upon the earliest to occur of (i) any termination of this Lease or (ii) the expiration of the Term. Upon such removal by Tenant, Tenant shall fully repair and restore the area where Tenant's Pre-Approved Signage was installed and located. If Tenant does not remove all of Tenant's Pre-Approved Signage as and when required under the terms of the Lease, Landlord may remove it and perform such restoration, repair and replacement, and Tenant shall reimburse Landlord for Landlord's costs and expenses of such removal restoration and replacement within thirty (30) days of demand.

The signage rights provided in this Paragraph 4.6 hereof are personal to the original Tenant named herein (Kodiak Sciences Inc.), except that Tenant's signage rights hereunder may be transferred (in whole but not in part) in connection with a transfer of this Lease permitted (or approved in writing by Landlord) under Paragraph 7.2(b) above.

4.7 Compliance With Laws And Restrictions. Subject to Paragraph 6.3 below, Tenant shall abide by and shall promptly observe and comply with, at its sole cost and expense, all Laws and Restrictions respecting the use and occupancy of the Leased Premises, the Building, the Common Areas, or the Property, and all Laws governing the use and/or disposal of hazardous materials, and shall defend with competent counsel, indemnify and hold Landlord harmless from any claims, damages or liability resulting from Tenant's failure to so abide, observe, or comply. Tenant's obligations hereunder shall survive the expiration or sooner termination of this Lease.

4.8 Compliance With Insurance Requirements. With respect to any insurance policies required or permitted to be carried by Landlord in accordance with the provisions of this Lease, Tenant shall not conduct nor permit any Tenant Parties to conduct any activities nor keep, store or use (or allow any other person to keep, store or use) any item or thing within the Leased Premises, Building 4, the Common Areas or the Property which (i) is prohibited under the terms of any such policies, (ii) could result in the termination of the coverage afforded under any of such policies, (iii) could give to the insurance carrier the right to cancel any of such policies, or (iv) would cause an increase in the rates (over standard rates) charged for the coverage afforded under any of such policies. Landlord represents and warrants to Tenant that Tenant's use of the Leased Premises for the Permitted Use is not prohibited under any of such policies or to Landlord's knowledge would give the insurance carrier the right to cancel any of such policies. Tenant shall comply with all requirements of any insurance company, insurance underwriter, or Board of Fire Underwriters which are necessary to maintain, at standard rates, the insurance coverages carried by either Landlord or Tenant pursuant to this Lease.

4.9 Landlord's Right To Enter. Landlord and its agents shall have the right to enter the Leased Premises during normal business hours after giving Tenant reasonable notice and subject to Tenant's reasonable security measures for the purpose of (i) inspecting the same; (ii) showing the Leased Premises to prospective purchasers, mortgagees or during the last nine (9) months of the Lease Term (as extended, if applicable) or during any period that Tenant is in monetary or material non-monetary default beyond the applicable cure period, if any, expressly set forth in this Lease, tenants; (iii) making necessary repairs; and (iv) performing any of Tenant's obligations when Tenant has failed to do so. Landlord shall have the right to enter the Leased Premises during normal business hours (or as otherwise agreed), subject to Tenant's reasonable security measures, for purposes of supplying any maintenance or services agreed to be supplied by Landlord. Landlord shall have the right to enter the Common Areas during normal business hours for purposes of (i) inspecting the exterior of Building 4 and the Common Areas; (ii) posting notices of nonresponsibility (and for such purposes Tenant shall provide Landlord at least thirty days' prior written notice of any work to be performed on the Leased Premises as well as notice within one (1) day after the commencement of such work); and (iii) supplying any services to be provided by Landlord. Any entry into the Leased Premises or the Common Areas obtained by Landlord in accordance with this paragraph shall not under any circumstances be construed or deemed to be a forcible or unlawful entry into, or a detainer of, the Leased Premises, or an eviction, actual or constructive of Tenant from the Leased Premises or any portion thereof.

Tenant shall be permitted to maintain "**Secured Areas**" (defined herein to mean certain secure compartmentalized facilities, special access areas and limited access areas as designated by Tenant to Landlord from time to time in advance) within the Leased Premises, comprising in the aggregate no more than ten percent (10%) of the rentable square footage of the Leased Premises, in which case Landlord shall follow Tenant's access protocols as to such Secured Areas and shall not enter such Secured Areas without being accompanied by a representative of Tenant.

4.10 Use Of Common Areas. Tenant, in its use of the Common Areas, shall at all times keep the Common Areas free and clear of all of Tenant's and the Tenant Parties' materials, equipment, debris, trash (except within existing enclosed trash areas), inoperable vehicles, and other items which are not specifically permitted by Landlord to be stored or located thereon by Tenant. If, in the opinion of Landlord, unauthorized persons are using any of the Common Areas by reason of, or under claim of, the express or implied authority or consent of Tenant, then Tenant, upon demand of Landlord, shall restrain, to the fullest extent then allowed by Law, such unauthorized use, and shall initiate such appropriate proceedings as may be required to so restrain such use. Landlord reserves the right to grant easements and access rights to others for use of the Common Areas other than the subterranean parking areas below Building 4, and shall not be liable to Tenant for any diminution in Tenant's right to use the Common Areas as a result, provided that Tenant's access to the Leased Premises is not materially adversely affected and the number of parking spaces available for Tenant's exclusive or non-exclusive use at the Property is not reduced thereby.

4.11 Environmental Protection. Tenant's obligations under this Paragraph 4.11 shall survive the expiration or termination of this Lease.

(a) As used herein, the term "**Hazardous Materials**" shall mean any toxic or hazardous substance, material or waste or any pollutant or infectious or radioactive material, including but not limited to those substances, materials or wastes regulated now or in the future under any of the following statutes or regulations and any and all of those substances included within the definitions of "hazardous substances," "hazardous materials," "hazardous waste," "hazardous chemical substance or mixture," "imminently hazardous chemical substance or mixture," "toxic substances," "hazardous air pollutant," "toxic pollutant," or "solid waste" in the (a) Comprehensive Environmental Response, Compensation and Liability Act of 1990 ("CERCLA" or "Superfund"), as amended by the Superfund Amendments and Reauthorization Act of 1986 ("SARA"), 42 U.S.C. § 9601 *et seq*., (b) Resource Conservation and Recovery Act of 1976 ("RCRA"), 42 U.S.C. § 6901 *et seq*., (c) Federal Water Pollution Control Act ("FSPCA"), 33 U.S.C. § 1251 *et seq*., (d) Clean Air Act ("CAA"), 42 U.S.C. § 7401 *et seq*., (e) Toxic Substances Control Act ("TSCA"), 14 U.S.C. § 2601 *et seq*., (f) Hazardous Materials Transportation Act, 49 U.S.C. § 1801, *et seq*., (g) Carpenter-Presley-Tanner Hazardous Substance Account Act ("California Superfund"), Cal. Health & Safety Code § 25300 *et seq*., (h) California Hazardous Waste Control Act, Cal. Health & Safety code § 25100 *et seq*., (i) Porter-Cologne Water Quality Control Act ("Porter-Cologne Act"), Cal. Water Code § 13000 *et seq*., (j) Hazardous Waste Disposal Land Use Law, Cal. Health & Safety codes § 25220 *et seq*., (k) Safe Drinking Water and Toxic Enforcement Act of 1986 ("Proposition 65"), Cal. Health & Safety code § 25249.5 *et seq*., (l) Hazardous Substances Underground Storage Tank Law, Cal. Health & Safety code § 25280 *et seq*., (m) Air Resources Law, Cal. Health & Safety Code § 39000 *et seq*., and (n) regulations promulgated pursuant to said laws or any replacement thereof, or as similar terms are defined in the federal, state and local laws, statutes, regulations, orders or rules. Hazardous Materials shall also mean any and all other biohazardous wastes and substances, materials and wastes which are, or in the future become, regulated under applicable Laws for the protection of health or the environment, or which are classified as hazardous or toxic substances, materials or wastes, pollutants or contaminants, as defined, listed or regulated by any federal, state or local law, regulation or order or by common law decision, including, without limitation, (i) trichloroethylene, tetrachloroethylene, perchloroethylene and other chlorinated solvents, (ii) any petroleum products or fractions thereof, (iii) asbestos, (iv) polychlorinated biphenyls, (v) flammable explosives, (vi) urea formaldehyde, (vii) radioactive materials and waste, and (viii) materials and wastes that are harmful to or may threaten human health, ecology or the environment.

(b) Notwithstanding anything to the contrary in this Lease, subject to paragraph 4.11(f) below, Tenant, at its sole cost, shall comply with, and shall cause the Tenant Parties to comply with, all Laws relating to the storage, use and disposal of Hazardous Materials at the Property; *provided, however*, that Tenant shall not be responsible for contamination of the Leased Premises and/or the Building, the Property (including the parking garage) by Hazardous Materials existing as of the date the Leased Premises are delivered to Tenant (whether before or after the Lease Commencement Date) excepting only contamination caused by Tenant or the Tenant Parties. Tenant shall not store, use or dispose of any Hazardous Materials except for those Hazardous Materials listed in a Hazardous Materials management plan ("**HMMP**") which Tenant shall deliver to Landlord upon execution of this Lease and update at least annually with Landlord ("**Permitted Materials**"), which may be used, stored and disposed of provided (i) such Permitted Materials are used, stored, transported, and disposed of in strict compliance with applicable laws, (ii) such Permitted Materials shall be limited to the materials listed on and may be used only in the quantities specified in the HMMP, and (iii) Tenant shall provide Landlord with copies of all material safety data sheets and other documentation required under applicable Laws in connection with Tenant's use of Permitted Materials as and when such documentation is provided to any regulatory authority having jurisdiction. In no event shall Tenant or any of the Tenant Parties cause or permit to be discharged into the plumbing or sewage system of the Building or onto the land underlying or adjacent to

the Building any Hazardous Materials. Tenant shall be solely responsible for and shall defend, indemnify, and hold Landlord and its agents harmless from and against all claims, costs and liabilities, including attorneys' fees and costs, arising out of or in connection with Tenant's storage, use and/or disposal of Hazardous Materials. If the presence of Hazardous Materials on the Leased Premises caused by Tenant or any of the Tenant Parties results in contamination or deterioration of water or soil, then Tenant shall promptly take any and all action necessary to clean up such contamination, but the foregoing shall in no event be deemed to constitute permission by Landlord to allow the presence of such Hazardous Materials. Tenant shall further be solely responsible for, and shall defend, indemnify, and hold Landlord and its agents harmless from and against all claims, costs and liabilities, including reasonable attorneys' fees and costs, arising out of or in connection with any removal, cleanup and restoration work and materials required hereunder to return the Leased Premises and any other property of whatever nature to their condition existing prior to the appearance of the Hazardous Materials, to the extent such Hazardous Materials were introduced to the Property by Tenant or any of the Tenant Parties.

(c) Upon termination or expiration of the Lease Term, Tenant at its sole expense shall cause all Hazardous Materials placed in or about the Leased Premises, the Building and/or the Property by Tenant or any of the Tenant Parties, and all installations (whether interior or exterior) made by or on behalf of Tenant or any of the Tenant Parties relating to the storage, use, disposal or transportation of Hazardous Materials to be removed from the property and transported for use, storage or disposal in accordance and compliance with all Laws and other requirements respecting Hazardous Materials used or permitted to be used by Tenant. Tenant shall apply for and shall obtain from all appropriate regulatory authorities (including any applicable fire department or regional water quality control board) all permits, approvals and clearances necessary for the closure of the Property and shall take all other actions as may be required to complete the closure of the Building, the Property. In addition, if Landlord reasonably believes that Tenant has caused or permitted contamination of the Leased Premises or Property, then at Landlord's request, prior to vacating the Leased Premises, Tenant shall undertake and submit to Landlord an environmental site assessment from an environmental consulting company reasonably acceptable to Landlord which site assessment shall evidence Tenant's compliance with this Paragraph 4.11.

(d) At any time prior to expiration of the Lease Term, subject to reasonable prior notice (not less than forty-eight (48) hours) and Tenant's reasonable security requirements and provided such activities do not unreasonably interfere with the conduct of Tenant's business at the Leased Premises, Landlord shall have the right to enter in and upon the Property, Building and Leased Premises in order to conduct appropriate tests of water and soil to determine whether levels of any Hazardous Materials in excess of legally permissible levels has occurred as a result of Tenant's use thereof. Landlord shall furnish copies of all such test results and reports to Tenant and, at Tenant's option and cost, shall permit split sampling for testing and analysis by Tenant. Such testing shall be at Tenant's expense if Landlord has a reasonable basis for suspecting and confirms the presence of Hazardous Materials in the soil or surface or ground water in, on, under, or about the Property, the Building or the Leased Premises, which has been caused by or resulted from the activities of Tenant or any of the Tenant Parties.

(e) Landlord may voluntarily cooperate in a reasonable manner with the efforts of all governmental agencies in reducing actual or potential environmental damage. Tenant shall not be entitled to terminate this Lease or to any reduction in or abatement of rent by reason of such voluntary cooperation so long as such efforts do not adversely affect Tenant's rights or increase Tenant's obligations pursuant to this Lease, reduce the number of parking spaces available to Tenant hereunder, increase any expenses incurred by Tenant in any material respect or restrict Tenant's access to and egress from the Leased Premises, nor for any required compliance.

(f) Landlord represents and warrants to Tenant that to Landlord's actual knowledge based solely on that certain "Phase 1 Environmental Site Assessment – Final" for the Property dated May 10, 2013, prepared by WSP USA Corp., a copy of which has been delivered to and reviewed by Tenant (the "**Phase 1**"), as of the Lease Commencement Date, except as otherwise disclosed by the Phase 1, there are no Hazardous Materials on or about the Leased Premises, Building or Property in violation of Laws. If any remediation work is required by governmental authorities based on any release of Hazardous Materials occurring prior to the Lease Commencement Date which was not caused by Tenant or any of the Tenant Parties, Landlord shall cause such work to be performed by Landlord at Landlord's sole cost and expense and the same shall not constitute a Property Operating Expense.

4.12 Rules And Regulations. Landlord shall have the right from time to time to establish reasonable rules and regulations and/or amendments or additions thereto respecting the use of Building 1 and the Common Areas for the care and orderly management of the Property; provided the same do not materially increase Tenant's obligations or materially decrease Tenant's rights hereunder. Within 30 days of delivery to Tenant of a copy of such rules and regulations or any amendments or additions thereto, Tenant shall comply with such rules and regulations. If there is a conflict between the rules and regulations and any of the provisions of this Lease, the provisions of this Lease shall prevail. Landlord shall make good faith efforts to uniformly enforce such rules and regulations, if failure to enforce the same with respect to other tenants would materially and adversely affect Tenant's use of and access to the Leased Premises, and Landlord shall not be responsible or liable to Tenant for the violation of such rules and regulations by any other tenant of the Property. Notwithstanding anything to the contrary contained herein, Tenant shall not be required to comply with any rules or regulations adopted after the execution of this Lease which either materially increases Tenant's obligations or materially decreases Tenant's rights under this Lease in either case.

4.13 Reservations. Landlord reserves the right from time to time to grant, without the consent or joinder of Tenant, such easements, rights of way and dedications, other than in the subterranean parking area below Building 4, that Landlord deems necessary, and to cause the recordation of parcel maps and restrictions, and Tenant agrees that if elected by Landlord, this Lease shall be subordinate thereto, so long as such easements, rights of way and dedications do not unreasonably interfere with the use of the Leased Premises by Tenant.

4.14 Roof. Notwithstanding any provision of this Lease to the contrary, Landlord hereby reserves to itself and its designees all rights of access, use and occupancy of the Building 4 roof necessary for Landlord's maintenance and repair thereof, and Tenant shall have no right of access, use or occupancy of the Building 4 roof except (if at all) to the extent provided in this Paragraph 4.14 or as otherwise required in order to enable Tenant to perform Tenant's maintenance and repair obligations pursuant to this Lease. Subject to Tenant's restoration and repair obligations under Paragraph 2.6, Tenant at its sole cost and expense shall have the right to install on the roof of Building 4, satellite dishes, television antennas, supplemental HVAC equipment, solar panels, and related receiving equipment, related cable connections and any and all other related equipment (collectively, "**Rooftop Equipment**") required in connection with Tenant's communications and data transmission network, in an area to be designated by Landlord, provided such installation does not impact the structural integrity of Building 4 nor void or negatively impact any applicable warranties. Tenant shall supply Landlord with detailed plans and specifications of the Rooftop Equipment prior to the installation thereof for Landlord's review and approval. Furthermore, Tenant shall have secured Landlord's approval and the approval of all governmental authorities and all permits required by governmental authorities having jurisdiction over such approvals and permits for the Rooftop Equipment, and shall provide copies of such approvals and permits to Landlord prior to commencing any work with respect to such Rooftop Equipment. Tenant shall pay for any and all costs and expenses in connection with, and shall repair all damage to the roof resulting from, the installation, maintenance, use and removal of the Rooftop Equipment.

4.15 Compliance with Ground Lease; Ground Lessor's Consent to Sublease. Tenant's occupancy of the Leased Premises is subject to the requirements of the Ground Lease. Tenant shall not conduct any activities which would constitute a breach of the Ground Lease. Whenever in this Lease the consent or approval of Landlord or a governmental agency is required, the consent of Ground Lessor shall also be deemed required if and to the extent Ground Lessor's consent is required under the Ground Lease, and there shall be no "deemed consent" of Ground Lessor under this Lease. This Lease and the parties' obligations hereunder are subject to the receipt of the consent of the Ground Lessor within fifteen (15) days after the Effective Date of this Lease. After full execution of this Lease by Landlord and Tenant, Landlord will promptly provide a fully executed copy to Ground Lessor and seek Ground Lessor's consent hereto. Tenant (a) acknowledges that as a condition to obtaining such consent, Tenant will be required to release Ground Lessor with respect to the environmental condition of the Property by signing such consent, which will contain a release substantially in the form of **Exhibit D** attached hereto, and (b) agrees to so release Ground Lessor. If there is a conflict between the requirements of the Ground Lease and of this Lease such that compliance with this Lease would result in a breach of the Ground Lease or compliance with the Ground Lease would result in a breach of this Lease, the Ground Lease shall be controlling; otherwise Tenant shall comply with the provisions of both this Lease and the Ground Lease. Landlord represents, warrants and covenants to Tenant that: (i) a true and complete copy of the Ground Lease is attached hereto as **Schedule 2**, (ii) Landlord shall not amend the Ground Lease in any manner that would adversely affect Tenant's rights or increase Tenant's liabilities under this Lease in any material respect, (iii) the uses which may be made of the Leased Premises are set forth in and/or limited by Paragraph 3 of the Ground Lease, and (iv) Landlord shall not terminate the Ground Lease during the Term of this Lease.

ARTICLE 5
REPAIRS, MAINTENANCE, SERVICES AND UTILITIES

5.1 Repair And Maintenance. Except in the case of damage to or destruction of the Leased Premises, Building 4, the Common Areas or the Property caused by an act of God or other peril, in which case the provisions of Article 10 shall control, the parties shall have the following obligations and responsibilities with respect to the repair and maintenance of the Leased Premises, Building 4, the Common Areas, and the Property.

(a) **Tenant's Obligations**.

(i) Except to the extent a Landlord responsibility pursuant to Paragraph 5.1(b) below, Tenant shall, at all times during the Lease Term and at its sole cost and expense, regularly clean and continuously keep and maintain in good order, condition and repair the following components of the Leased Premises: (A) all interior walls, floors and ceilings, (B) all windows, doors and skylights, (C) all electrical wiring, conduits, connectors and fixtures, (D) all lighting fixtures, bulbs and lamps, (E) all building systems, and (F) all entranceways to the Leased Premises. Tenant shall, at its sole cost and expense, repair all damage to the Leased Premises, Building 4, the Common Areas or the Property caused by the activities of Tenant or any of the Tenant Parties within a reasonable period of time (not to exceed thirty (30) days or such longer time period as is reasonably necessary, so long as Tenant commences the cure within such thirty (30) day period and thereafter diligently completes the same) following written notice from Landlord to so repair such damages. If Tenant shall fail to perform the required maintenance or fail to make repairs required of it pursuant to this paragraph within a reasonable period of time following notice from Landlord to do so, then Landlord may, at its election and without waiving any other remedy it may otherwise have under this Lease or at law, perform such maintenance or make such repairs and charge to Tenant, as Additional Rent, the costs so incurred by Landlord for same. All interior glass within the Leased Premises is at the sole risk of Tenant and any broken glass shall promptly be replaced by Tenant at Tenant's expense with glass of the same kind, size and quality. With respect to the items for

which Tenant is responsible described in this Paragraph 5.1(a), Landlord agrees to assign to Tenant on a non-exclusive basis any applicable warranties in favor of Landlord or its affiliates. To the extent any such warranties are not assignable, Landlord agrees to enforce such warranties for Tenant's benefit.

(ii) In the event that Tenant reasonably determines that any item under Paragraph 5.1(a)(i) above: (i) is capital in nature (pursuant to GAAP), (ii)(A) was provided by Landlord as part of the Base Building Work, or (B) is required to be modified, upgraded or replaced by a change in Laws after the Lease Commencement Date, which work is required to be performed by Laws at the Property generally as a whole and is not specific only to the Leased Premises due to the unique or specialized nature of the Tenant Improvements or Tenant's unique or specific use of the Leased Premises (a "**Legally Required General Capital Replacement**"), and (iii) Tenant is responsible for maintaining and/or repairing under this Lease, needs to be replaced, Tenant shall be permitted to make such replacement (any such replacement, a "**Capital Replacement**") at its sole cost and expense, subject to the terms, conditions and provisions of this Paragraph 5.1(a)(ii). For avoidance of doubt, this Paragraph 5.1(a)(ii) shall not apply to replacement of capital items required to be maintained by Tenant under this Lease that were not part of the Base Building Work or which are not Legally Required General Capital Replacements (which items shall, if necessary, be replaced by Tenant at Tenant's sole cost and expense). This Paragraph 5.1(a)(ii) shall not require Landlord to replace (or pay for the replacement of) any capital items in the last year of the Lease Term (as may be extended by Tenant's exercise of an Option in accordance with Article 15), the cost of which exceed One Hundred Thousand Dollars ($100,000) per Capital Replacement or Four Hundred Thousand Dollars ($400,000) in the aggregate for the year; provided that the foregoing limitation on Capital Replacements during the last year of the Lease Term will not apply to any Legally Required General Capital Replacement which involves an element of the Leased Premises which will remain in the Leased Premises after the expiration of the Lease and is likely to be usable by any successor occupant of the Leased Premises.

(iii) In the event that Tenant desires to make a Capital Replacement, Tenant shall deliver written notice to Landlord (a "**Capital Replacement Notice**") requesting Landlord's approval of such Capital Replacement, which Capital Replacement Notice shall include reasonably detailed information from Tenant's third-party consultant supporting its determination of the necessity of the Capital Replacement. Upon receipt of a Capital Replacement Notice, Landlord shall have the option to agree or to cause Landlord's consultant to inspect the item in question; provided that any such election must be made within ten (10) business days after receipt of a Capital Replacement Notice.

(iv) If Landlord's consultant determines that the proposed Capital Replacement is not necessary and can be repaired instead of replaced, then Tenant shall not be permitted to proceed with the Capital Replacement (except as set forth below) and shall repair and continue to maintain the item in question pursuant to the terms, conditions and provisions of this Lease; provided, however, that if Tenant's consultant objects to such determination by Landlord's consultant within ten (10) business days after Tenant's receipt of such determination, then Landlord's consultant and Tenant's consultant shall select an independent consultant to review the matter within ten (10) business days after Landlord's receipt of Tenant's objection, and within five (5) business days of appointment, such independent consultant shall determine whether the Capital Replacement is necessary and such determination shall be final and binding on Landlord and Tenant for purposes of this Section (with the cost of such independent consultant to be shared equally by Landlord and Tenant). If Landlord (under Paragraph 5.1(a)(iii)) or Landlord's consultant (under this Paragraph 5.1(a)(iv)) agrees (or the independent consultant determines) that the proposed Capital Replacement is necessary, then Tenant shall deliver to Landlord for Landlord's approval the estimated cost and budget of such Capital Replacement, which approval may not be unreasonably withheld by Landlord. Landlord may obligate Tenant to bid such Capital Replacement work to three (3) contractors acceptable to Landlord and Tenant, and Tenant agrees to hire the contractor submitting the lowest qualified bid, unless Landlord and Tenant

agree otherwise (or Tenant agrees to pay 100% of the cost difference between the lowest bid and Tenant's selected bid). Once the estimated cost and budget for such Capital Replacement is approved by Landlord, Tenant may proceed with the Capital Replacement; provided that such Capital Replacement shall be completed as an Alteration under this Lease and shall comply with all of the terms, conditions and provisions of Paragraph 6.1 (provided, further, that in no event shall any Capital Replacement be considered a Non-Consent Alteration (regardless of the dollar value of such Capital Replacement)). Notwithstanding anything to the contrary contained herein, Tenant may elect to proceed with a Capital Replacement at its sole cost and risk in the event there is a dispute as to the necessity of such Capital Replacement. In the event Tenant elects to proceed with a Capital Replacement during resolution of such dispute as set forth above, such Capital Replacement shall be completed at Tenant's cost as an Alteration under this Lease and shall comply with all of the terms, conditions and provisions of Article 6 and Landlord's reasonable prior approval of the budget and contractor will be obtained in accordance with this Paragraph 5.1(a). Upon completion of the dispute resolution process, if it is determined that the Capital Replacement was required, Landlord will disburse any amount owed to Tenant hereunder within the time periods set forth herein as if completion of the Capital Replacement occurred on the date of final resolution of the dispute process. Nothing in this Paragraph 5.1(a) shall be deemed to limit Tenant's ability to make any Capital Replacements at its sole cost and expense, subject to Tenant's compliance with Article 6 and the terms of this Lease.

(v) On or before the date (the "**Reimbursement Date**") that is the later to occur of (a) Tenant's completion of any Capital Replacement made by Tenant and for which Landlord is obligated to contribute in accordance with the terms, conditions and provisions of this Paragraph 5.1(a), and (b) thirty (30) days after Landlord's receipt from Tenant of the documentation (as it relates to the Capital Replacement) required under subparagraphs (A), (B) and (D) of Paragraph 3(b)(i) of the Work Letter, Landlord shall reimburse Tenant for Landlord's Capital Contribution (as defined below) with respect to any Capital Replacement made by Tenant in accordance with the terms, conditions and provisions of this Paragraph 5.1(a), less any sums owed Landlord by reason of a default under the Lease by Tenant. "**Landlord's Capital Contribution**" shall equal a portion of the unamortized costs (on a straight-line basis) of the Capital Replacement, which portion shall be equal to a fraction, the numerator of which shall be the remaining number of calendar months ("**Landlord's Portion**") of the useful life of the Capital Replacement (as reasonably determined by Landlord in accordance with GAAP) after the expiration date of the Lease Term (as extended by any Option to extend the Lease Term that has been, or is subsequently, exercised by Tenant), and the denominator of which is the total number of calendar months of the useful life of such Capital Replacement (as determined by Landlord). In the event that Landlord reimburses Tenant for Landlord's Capital Contribution and Tenant subsequently exercises an Option to extend the Lease Term or the Lease Term is otherwise subsequently extended, Tenant shall promptly refund Landlord the portion of such Landlord's Capital Contribution relating to the Option term or the extended Lease Term to the extent that the useful life of such Capital Replacement extends into such Option term or extended Lease Term.

(vi) Notwithstanding anything to the contrary in this Section, Landlord shall not reimburse Tenant for the cost of any Capital Replacement arising from (A) the negligent acts or omissions of Tenant or a Tenant Party, (B) any Alterations or additions to the Leased Premises made by Tenant, or (C) Tenant's failure to comply with any Tenant obligations under this Lease to repair or maintain.

(vii) Tenant agrees to obtain and maintain the then-customary warranty, if any, for any Capital Replacement. At the end of the Lease Term, Tenant shall assign, without recourse, any remaining warranties for any Capital Replacements to Landlord, to the extent assignable.

(b) **Landlord's Obligation**. Landlord shall, at all times during the Lease Term, maintain in good condition and repair the Common Areas and the foundation, footings, slabs, roof structure and membrane, structural and load-bearing and exterior walls of Building 4, elevators, plumbing, pipes, sinks, toilets, faucets and drains, and HVAC equipment. The provisions of this subparagraph (b) shall in no way limit the right of Landlord to charge to Tenant, as Additional Rent pursuant to Article 3 (to the extent not prohibited pursuant to Article 3), the costs incurred by Landlord in performing such maintenance and/or making such repairs. If as a part of Landlord's obligations under this Paragraph 5.1(b), Landlord is responsible for any individual repair or replacement which is estimated to cost in excess of $10,000 and would typically be capitalized under GAAP, Landlord shall perform such capital repair or replacement and the costs incurred by Landlord with respect thereto (the "**Capital Costs**") shall be amortized without interest over the useful life of such improvement as reasonably determined in accordance with GAAP, and Landlord shall notify Tenant in writing of the monthly amortization payment ("**Notice of Amortized Capital Costs Amount**") required to so amortize such costs, and shall also provide Tenant with reasonable backup documentation (including calculation of the amortized amount) upon which such determination is made in the Notice of Amortized Capital Costs Amount. Landlord shall also promptly provide Tenant with any additional information regarding such amortized costs which are reasonably requested. Tenant shall pay at the same time the Base Monthly Rent is due an amount equal to such monthly amortization payment for each month after such improvements are completed until the first to occur of (i) the expiration of the Lease Term (as the same may be extended pursuant to Article 15 below or otherwise), or (ii) the end of the term over which such costs were amortized.

5.2 Utilities. Tenant shall arrange at its sole cost and expense and in its own name, for the supply of gas, water, and electricity to the Leased Premises. In the event that such services are not separately metered, Tenant shall, at its sole expense, cause such meters to be installed. Tenant shall be responsible for determining if the local supplier of water, gas and electricity can supply the needs of Tenant and whether or not the existing water, gas and electrical distribution systems within Building 4 and the Leased Premises are adequate for Tenant's needs. Tenant shall be responsible for determining if the existing sanitary and storm sewer systems now servicing the Leased Premises and the Property are adequate for Tenant's needs. Tenant shall pay all charges for water, gas, electricity and storm and sanitary sewer services as so supplied to the Leased Premises, irrespective of whether or not the services are maintained in Landlord's or Tenant's name.

5.3 Security. Tenant acknowledges that Landlord has not undertaken any duty whatsoever to provide security for the Leased Premises, Building 4, the Common Areas or the Property and, accordingly, Landlord is not responsible for the security of same or the protection of Tenant or any of the Tenant Parties (or any of their property) from any cause whatsoever, including but not limited to criminal and/or terrorist acts. To the extent Tenant determines that such security or protection services are advisable or necessary, Tenant shall arrange for and pay the costs of providing same. In the event Landlord in its sole and absolute discretion agrees to provide any security services, whether it be guard service or access systems or otherwise, Landlord shall do so strictly as an accommodation to Tenant and Landlord shall have no liability whatsoever in connection therewith, whether it be for failure to maintain the secure access system, or for failure of the guard service to provide adequate security, or otherwise. Without limitation, Paragraph 8.1 below is intended by Tenant and Landlord to apply to this Paragraph 5.3. Tenant shall be entitled to install a separate security system for the Leased Premises that may include, without limitation, key-card systems, locks, duress systems, access gates within the interior of Building 4 (including the areas beyond Tenant's receptionist desk in the lobby before any elevators leading exclusively to Tenant's Leased Premises), security lighting, and video monitoring equipment to monitor access points to, and the immediate perimeter of, and all interior portions (including rooftop areas) of, the Leased Premises only (collectively, "**Tenant's Security System**"), either as an alteration subject to all applicable provisions of Paragraph 6.1 or as part of the initial Tenant Improvements; provided, however, that (a) such Tenant's Security System shall not interfere with the building systems of Building 4, (b) such Tenant's Security System and Tenant's use thereof shall comply with all Applicable Laws.

5.4 Energy And Resource Consumption.

(a) Landlord may voluntarily cooperate in a reasonable manner with the efforts of governmental agencies and/or utility suppliers in reducing energy or other resource consumption within the Property. Tenant shall not be entitled to terminate this Lease or to any reduction in or abatement of rent by reason of such cooperation so long as such efforts do not adversely affect Tenant's rights or increase Tenant's obligations pursuant to this Lease, reduce the number of parking spaces available to Tenant hereunder, increase any expenses incurred by Tenant in any material respect or restrict Tenant's access to and egress from the Leased Premises, nor for any required compliance.

(b) Tenant agrees to provide Landlord with any information regarding Tenant's use of energy consumption at the Leased Premises required by California AB802.

5.5 Limitation Of Landlord's Liability. Landlord shall not be liable to Tenant for injury to Tenant or any of the Tenant Parties, damage to the property of Tenant or any of the Tenant Parties, or loss of business or profits by any of the Tenant Parties, nor shall Tenant be entitled to terminate this Lease or to any reduction in or abatement of rent (except as provided below) by reason of (i) Landlord's failure to provide security services or systems within the Property for the protection of the Leased Premises, Building 4 or the Common Areas, or the protection of the property of Tenant or any of the Tenant Parties, or (ii) Landlord's failure to perform any maintenance or repairs to the Leased Premises, Building 4, the Common Areas or the Property until Tenant shall have first notified Landlord, in writing, of the need for such maintenance or repairs, and then only after Landlord shall have had a reasonable period of time following its receipt of such notice within which to perform such maintenance or repairs, or (iii) any failure, interruption, rationing or other curtailment in the supply of water, electric current, gas or other utility service to the Leased Premises, Building 4, the Common Areas or the Property from whatever cause (other than Landlord's gross negligence or willful misconduct), or (iv) the unauthorized intrusion or entry into the Leased Premises by third parties (other than Landlord).

Notwithstanding the foregoing, if as a result of a default by Landlord of any of its obligations set forth in this Lease, or as a result of Landlord's gross negligence or willful misconduct, all or a portion of the Leased Premises is rendered untenantable and unusable by Tenant, Tenant shall give Landlord notice (the "**Abatement Notice**"), specifying such failure to perform by Landlord (the "**Abatement Event**"). If Landlord has not cured such Abatement Event within five (5) days after the receipt of the Abatement Notice (or within five (5) days after the earlier date Landlord otherwise had actual knowledge of such Abatement Event, Tenant bearing the burden of proof to establish the date of such knowledge), Tenant may immediately abate Base Rent and Tenant's Share of Property Operating Expenses, Property Insurance Expenses and Real Property Taxes payable under this Lease for that portion of the Leased Premises rendered untenantable and not used by Tenant, for the period from the commencement of such Abatement Event until the earlier of the date Landlord cures such Abatement Event or the date Tenant recommences the use of such portion of the Leased Premises; provided that if the entire Leased Premises has not been rendered untenantable and unusable by the Abatement Event, the amount of abatement that Tenant is entitled to receive shall be prorated based upon the percentage of the Leased Premises (which shall be based on a ratio of the square feet of rentable area rendered untenantable and unusable to all of the rentable area of the Leased Premises leased by Tenant) so rendered untenantable and unusable and not used by Tenant. In the event of any Abatement Event, Landlord agrees to use commercially reasonable efforts to remedy the same as promptly as possible. Such right to abate Base Rent and Tenant's Share of Property Operating Expenses shall be Tenant's sole and exclusive right to abate Base Rent and Tenant's Share of Property Operating Expenses as the result of an Abatement Event, but shall not otherwise limit Tenant's remedies for an Abatement Event. Except as provided in this Paragraph 5.2, nothing contained herein shall be interpreted to mean that Tenant is excused from paying full Rent due hereunder. This paragraph is not applicable to events covered by Articles 10 or 11 of this Lease.

ARTICLE 6
ALTERATIONS AND IMPROVEMENTS

6.1 By Tenant. This Paragraph 6.1 does not relate to the Tenant Improvements installed in accordance with and pursuant to the Work Letter, but to alterations, modifications, and improvements made after the date the Tenant Improvements are substantially completed. Tenant shall not make any alterations to or modifications of the Leased Premises or construct any improvements within the Leased Premises until Landlord shall have first approved, in writing, the plans and specifications therefor, which approval may be withheld in Landlord's sole discretion as to alterations, modifications, and improvements which affect the Building structure or materially affect Building systems, and otherwise such approval may be withheld in Landlord's reasonable discretion; provided, however, that Tenant, without Landlord's prior written consent, but upon not less than ten (10) business days' prior written notice to Landlord, may make "**Non-Consent Alterations**," defined herein to mean alterations (including removal and rearrangement of prior alterations) which (a) do not adversely affect any systems or equipment of Building 4 or the Property, (b) do not involve or affect the structural integrity or any structural components of Building 4, (c) do not require a building permit, (d) do not involve the expenditure of more than $150,000.00 per alteration, and (e) do not exceed $1,000,000 in the aggregate over any 36-month period during the Term of this Lease. Tenant's written request shall also contain a request for Landlord to elect whether or not it will require Tenant to remove the subject alterations, modifications or improvements at the expiration or earlier termination of this Lease. If such additional request is not included, Landlord may make such election at the expiration or earlier termination of this Lease (and for purposes of Tenant's removal obligations set forth in Paragraph 2.6 above, Landlord shall be deemed to have made the election at the time the alterations, modifications or improvements were completed); provided, however, with respect to Tenant's initial alterations and improvements to be made pursuant to and in accordance with the Work Letter, Landlord shall elect whether such item is a Non-Standard Improvement and whether to require removal at the time such work is approved, even if Tenant does not make the foregoing written request. All such modifications, alterations or improvements, once so approved, shall be made, constructed or installed by Tenant at Tenant's expense (including all permit fees and governmental charges related thereto), using a licensed general contractor first approved by Landlord, in substantial compliance with the Landlord-approved plans and specifications therefor. All work undertaken by Tenant shall be done in accordance with all Laws and Restrictions and in a good and workmanlike manner using new materials of good quality. Tenant shall not commence the making of any such modifications or alterations or the construction of any such improvements until (i) any and all required governmental approvals and permits shall have been obtained, (ii) all requirements regarding insurance imposed by this Lease have been satisfied, (iii) Tenant shall have given Landlord at least five (5) business days prior written notice of its intention to commence such work so that Landlord may post and file notices of non-responsibility, and (iv) if requested by Landlord, Tenant shall have obtained contingent liability and broad form builder's risk insurance in an amount satisfactory to Landlord in its reasonable discretion to cover any perils relating to the proposed work not covered by insurance carried by Tenant pursuant to Article 9. In no event shall Tenant make any modification, alterations or improvements whatsoever to the Common Areas or the exterior or structural components of Building 4 including, without limitation, any cuts or penetrations in the floor, roof, or exterior or load-bearing walls of the Leased Premises. As used in this Article, the term "**modifications, alterations and/or improvements**" shall include, without limitation, the installation of additional electrical outlets, overhead lighting fixtures, drains, sinks, partitions, doorways, or the like.

6.2 Ownership Of Improvements. All modifications, alterations and improvements made or added to the Leased Premises by Tenant, other than "**Tenant's Removable Property**" (defined herein as Tenant's inventory, equipment, movable furniture, wall decorations and unattached trade fixtures) shall be deemed real property and a part of the Leased Premises, but shall remain the property of Tenant during the Lease, and Tenant hereby covenants and agrees not to grant a security interest in any such items to

any party other than Landlord. Any such modifications, alterations or improvements, once completed, shall not be altered or (except for Tenant's Removable Property**)** removed from the Leased Premises during the Lease Term without Landlord's written approval first obtained in accordance with the provisions of Paragraph 6.1 above. At the expiration or sooner termination of this Lease, all such modifications, alterations and improvements other than Tenant's inventory, equipment, movable furniture, wall decorations and trade fixtures, shall automatically become the property of Landlord and shall be surrendered to Landlord as part of the Leased Premises as required pursuant to Article 2, unless Landlord shall require Tenant to remove any of such modifications, alterations or improvements in accordance with the provisions of Article 2, in which case Tenant shall so remove same. Landlord shall have no obligations to reimburse Tenant for all or any portion of the cost or value of any such modifications, alterations or improvements so surrendered to Landlord. All modifications, alterations or improvements which are installed or constructed on or attached to the Leased Premises by Landlord and/or at Landlord's expense shall be deemed real property and a part of the Leased Premises and shall be property of Landlord upon the expiration or earlier termination of this Lease, other than any items of laboratory equipment that were installed by Tenant at its expense or with the Tenant Improvement Allowance that is used for Tenant's particular use, as opposed to life science uses generally, or is subject to a lender's security lien that had been disclosed to the Landlord. All lighting, plumbing, electrical, HVAC fixtures, partitioning, window coverings, wall coverings and floor coverings installed by Tenant shall be deemed improvements to the Leased Premises and not trade fixtures of Tenant.

6.3 Alterations Required By Law.

(a) Landlord at its sole cost shall make all modifications, alterations and improvements to Building 4 or the Property that are required by any governmental authority at any time due to the Base Building Work constructed by Landlord not having been in compliance with the Laws in effect on the Lease Commencement Date (unless caused by Tenant's increasing the occupancy load of any portion of Building 4 above the load for a typical office/R&D use). In addition, any work required for Americans With Disabilities Act compliance of paths of travel to Building 4 and the Leased Premises will be performed and paid by Landlord, except to the extent triggered by Tenant's particular use, as distinguished from general office use, or Tenant's Non-Standard Improvements.

(b) Tenant at its sole cost shall make all modifications, alterations and improvements to the Leased Premises or Building 4 that are required by any Law because of (i) Tenant's particular use or occupancy of the Leased Premises or Building 4 (as opposed to the Permitted Use generally), (ii) Tenant's application for any permit or governmental approval, or (iii) Tenant's making of any modifications, alterations or improvements to or within the Leased Premises.

(c) If Landlord shall, at any time during the Lease Term, be required by any governmental authority or Law to make any modifications, alterations or improvements to the Leased Premises, Building 4, or the Property (which are not Landlord's sole responsibility as described in subparagraph (a) above or Tenant's sole responsibility as described in subparagraph (b) above), the cost incurred by Landlord in making such modifications, alterations or improvements, including interest at a rate equal to the Standard Interest Rate shall be amortized by Landlord over the useful life of such modifications, alterations or improvements, as determined in accordance with GAAP, and the monthly amortized cost of such modifications, alterations and improvements as so amortized shall be considered a Property Maintenance Cost.

6.4 Liens. Tenant shall keep the Property and every part thereof free from any lien, and shall pay when due all bills arising out of any work performed, materials furnished, or obligations incurred by Tenant or any of the Tenant Parties relating to the Property. If any such claim of lien is recorded against Tenant's interest in this Lease, the Property or any part thereof, Tenant shall bond against, discharge or otherwise cause such lien to be entirely released within ten days after the same has been recorded. Tenant's failure to do so shall be conclusively deemed a material default under the terms of this Lease.

ARTICLE 7
ASSIGNMENT AND SUBLETTING BY TENANT

7.1 By Tenant. Tenant shall not sublet the Leased Premises or any portion thereof or assign its interest in this Lease, or permit the occupancy of the Leased Premises by other than Tenant, whether voluntarily or by operation of Law, without Landlord's prior written consent which shall not be unreasonably withheld, conditioned, or delayed. Any attempted subletting or assignment, or occupancy of the Leased Premises by other than Tenant, without Landlord's prior written consent, at Landlord's election, shall constitute a default by Tenant under the terms of this Lease. The acceptance of rent by Landlord from any person or entity other than Tenant, or the acceptance of rent by Landlord from Tenant with knowledge of a violation of the provisions of this paragraph, shall not be deemed to be a waiver by Landlord of any provision of this Article or this Lease or to be a consent to any subletting by Tenant or any assignment of Tenant's interest in this Lease. Without limiting the circumstances in which it may be reasonable for Landlord to withhold its consent to an assignment or subletting, Landlord and Tenant acknowledge that it shall be reasonable for Landlord to withhold its consent in the following instances:

(a) the proposed assignee or sublessee is a governmental agency;

(b) in Landlord's reasonable judgment, the credit-worthiness of the proposed assignee does not meet the credit standards applied by Landlord, which credit standards shall take into account the fact that Tenant has not been released of Tenant's liability pursuant to the terms of the Lease;

(c) the proposed assignee or sublessee (or any of its affiliates), in the ten years prior to the assignment or sublease, has filed for bankruptcy protection, has been the subject of an involuntary bankruptcy, or has been adjudged insolvent;

(d) Landlord (or any of its affiliates) has experienced a previous default by or is in litigation with the proposed assignee or sublessee (or any of their affiliates);

(e) in Landlord's reasonable judgment, the Leased Premises, or the relevant part thereof, will be used in a manner that will violate any negative covenant as to use contained in this Lease;

(f) the use of the Leased Premises by the proposed assignee or sublessee will violate any Law or Restriction or the proposed assignee or sublessee is not approved by Ground Lessor;

(g) the proposed assignee or sublessee is a tenant at the Property and there is competing space then currently available which is suitable for the needs of such assignee or sublessee;

(h) the proposed assignment or sublease fails to include all of the terms and provisions required to be included therein pursuant to this Article 7;

(i) Tenant is in default of any obligation of Tenant under this Lease; or

(j) in the case of a subletting of less than the entire Leased Premises, if the subletting would result in the division of the Leased Premises into more than two subparcels or would require improvements to be made outside of the Leased Premises.

7.2 Merger, Reorganization, or Sale of Assets. (a) Subject to paragraph (b) below: Any dissolution, merger, consolidation or other reorganization of Tenant, or the sale or other transfer in the aggregate over the Lease Term of a controlling percentage of the capital stock of or other equity interests in Tenant, or the sale or transfer of all or a substantial portion of the assets of Tenant, shall be deemed a voluntary assignment of Tenant's interest in this Lease. The phrase "**controlling percentage**" means the direct or indirect ownership of or right to vote (i) stock possessing more than fifty percent of the total combined voting power of all classes of Tenant's capital stock issued, outstanding and entitled to vote for the election of directors, or (ii) equity interests possessing the ability to direct the management of Tenant. Upon Landlord's request from time to time, Tenant shall promptly provide Landlord with a statement certified by the Tenant's chief executive officer or chief operating officer, which shall provide the following information: (i) the names of all of Tenant's shareholders and their ownership interests at the time thereof, provided Tenant's shares are not publicly traded; (ii) the state in which Tenant is incorporated; (iii) the location of Tenant's principal place of business; (iv) information regarding a material change in the corporate structure of Tenant, including, without limitation, a merger or consolidation; and (v) any other information regarding Tenant's ownership that Landlord reasonably requests. In the event of an acquisition by one entity of the controlling percentage of the capital stock of Tenant where this Lease is not assigned to and assumed in full by such entity, it shall be a condition to Landlord's consent to such change in control that such entity acquiring the controlling percentage assume, as a primary obligor, all rights and obligations of Tenant under this Lease (and such entity shall execute all documents reasonably required to effectuate such assumption).

(b) Notwithstanding subparagraph (a) above, over-the-counter stock market transactions shall not be deemed to be assignments under this Lease. In addition, provided that the conditions described below in this sentence have been satisfied prior to or upon such assignment or subleasing, Tenant may, without Landlord's prior written consent, sublet the Leased Premises or assign this Lease to a wholly owned subsidiary, or affiliate controlled by Tenant, provided that, (A) in the case of an assignment, the assignee shall have unconditionally assumed Tenant's obligations under this Lease in a form acceptable to Landlord, and in the case of a sublease, the subtenant shall have executed Landlord's standard sublease consent form, and (B) the assignee or subtenant has a liquid net worth sufficient for Tenant to continually perform its obligations under the Lease, and such net worth is equal to or greater than the net worth of Tenant as of the Effective Date of this Lease. If any assignment or subleasing occurs without satisfying such criteria and/or without Landlord's consent as provided in Paragraph 7.1 above, as applicable, Tenant shall be deemed for all purposes to be in material default under this Lease. In all events, Tenant shall remain fully liable under this Lease.

7.3 Landlord's Election. If Tenant shall desire to assign its interest under the Lease or to sublet the Leased Premises, Tenant must first notify Landlord, in writing, of its intent to so assign or sublet, at least ten (10) business days in advance of taking any action with respect thereto. Once Tenant has identified a potential assignee or sublessee, Tenant shall notify Landlord, in writing, of its intent to so assign or sublet, at least ten (10) business days in advance of the date it intends to so assign its interest in this Lease or sublet the Leased Premises but not sooner than one hundred eighty days in advance of such date, specifying in detail the terms of such proposed assignment or subletting, including the name of the proposed assignee or sublessee, the proposed assignee's or sublessee's intended use of the Leased Premises, current financial statements (including a certified balance sheet, income statement and statement of cash flow) of such proposed assignee or sublessee, the form of documents to be used in effectuating such assignment or subletting and such other information as Landlord may reasonably request. Landlord shall have a period of ten (10) business days following receipt of such notice and the required information within which to do one of the following: (i) consent to such requested assignment or subletting subject to Tenant's compliance with the conditions set forth in Paragraph 7.4 below, or (ii) refuse to so consent to such requested assignment or subletting, provided that such consent shall not be unreasonably refused, or (iii) terminate this Lease as to the entirety of the Leased Premises in the event of

a proposed assignment, or as to only such portion of the Leased Premises as is the subject of the proposed subletting in the event that both (A) the term of the proposed subletting is for 50% or more of the remaining Lease Term (without taking into account the Extension Period unless the extension option was previously exercised), and (B) the RSF of the proposed subletting, either alone or when combined with the RSF of any other then-extant sublettings, is 50% or more of the Leased Premises; such termination to be effective on the date specified in Tenant's notice as the intended effective date of the assignment or subletting. During such ten (10) business day period, Tenant covenants and agrees to supply to Landlord, upon request, all necessary or relevant information which Landlord may reasonably request respecting such proposed assignment or subletting and/or the proposed assignee or sublessee.

7.4 Conditions To Landlord's Consent. If Landlord elects to consent, or shall have been ordered to so consent by a court of competent jurisdiction, to such requested assignment or subletting, such consent shall be expressly conditioned upon the occurrence of each of the conditions below set forth, and any purported assignment or subletting made or ordered prior to the full and complete satisfaction of each of the following conditions shall be void and, at the election of Landlord, which election may be exercised at any time following such a purported assignment or subletting but prior to the satisfaction of each of the stated conditions, shall constitute a material default by Tenant under this Lease until cured by satisfying in full each such condition by the assignee or sublessee. The conditions are as follows:

(a) Landlord having approved in form and substance the assignment or sublease agreement and any ancillary documents, which approval shall not be unreasonably withheld by Landlord if the requirements of this Article 7 are otherwise complied with.

(b) Each such sublessee or assignee having agreed, in writing satisfactory to Landlord and its counsel and for the benefit of Landlord, to assume, to be bound by, and to perform the obligations of this Lease to be performed by Tenant which relate to space being subleased or assigned.

(c) Tenant not having received written notice that Tenant is in default of its obligations under the terms of this Lease through and including the date of such assignment or subletting.

(d) Tenant having reimbursed to Landlord all reasonable costs and reasonable attorneys' fees (but in no event more than Two Thousand Five Hundred Dollars ($2,500) in the case of a proposed subletting) incurred by Landlord in conjunction with the processing and documentation of any such requested subletting or assignment. Tenant shall be obligated to so reimburse Landlord whether or not such subletting or assignment is completed.

(e) Tenant having delivered to Landlord a complete and fully-executed duplicate original of such sublease agreement or assignment agreement (as applicable) and all related agreements.

(f) Ground Lessor having approved such requested assignment or subletting.

(g) Tenant having paid, or having agreed in writing to pay as to future payments, to Landlord fifty percent (50%) of all assignment consideration or excess rentals to be paid to Tenant or to any other on Tenant's behalf or for Tenant's benefit for such assignment or subletting as follows:

(i) If Tenant assigns its interest under this Lease and if all or a portion of the consideration for such assignment is to be paid by the assignee at the time of the assignment, that Tenant shall have paid to Landlord and Landlord shall have received an amount equal to fifty percent (50%) of the assignment consideration so paid or to be paid (whichever is the greater) at the time of the assignment by the assignee; or

(ii) If Tenant assigns its interest under this Lease and if Tenant is to receive all or a portion of the consideration for such assignment in future installments, that Tenant shall have entered into a written agreement with and for the benefit of Landlord satisfactory to Landlord and its counsel whereby Tenant agrees to pay to Landlord an amount equal to fifty percent (50%) of all such future assignment consideration installments to be paid by such assignee as and when such assignment consideration is so paid; or

(iii) If Tenant subleases the Leased Premises, that Tenant shall have entered into a written agreement with and for the benefit of Landlord satisfactory to Landlord and its counsel whereby Tenant agrees to pay to Landlord fifty percent (50%) of all excess rentals to be paid by such sublessee.

7.5 Assignment Consideration And Excess Rentals Defined. For purposes of this Article, including any amendment to this Article by way of addendum or other writing: (i) the term "**assignment consideration**" shall mean all consideration to be paid by the assignee to Tenant or to any other party on Tenant's behalf or for Tenant's benefit as consideration for such assignment, without deduction for any costs or expenses except third party, market rate leasing commissions paid and tenant improvement costs incurred in connection with the assignment, any tenant improvement allowance and/or other out-of-pocket monetary inducements provided to such transferee by Tenant, reasonable fees of attorney(s) and design professionals incurred by Tenant in connection with the transfer, and any amount payable to Landlord under Paragraph 7.4(d) above with respect to such transfer, and (ii) the term "**excess rentals**" shall mean all consideration to be paid by the sublessee to Tenant or to any other party on Tenant's behalf or for Tenant's benefit for the sublease of all or any part of the Leased Premises in excess of the rent due to Landlord under the terms of this Lease for the portion subleased for the same period, without deduction for any costs or expenses except third party, market rate leasing commissions paid and tenant improvement costs incurred in connection with the sublease. Tenant agrees that the portion of any assignment consideration and/or excess rentals arising from any assignment or subletting by Tenant which is to be paid to Landlord pursuant to this Article now is and shall then be the property of Landlord and not the property of Tenant.

7.6 Payments. All payments required by this Article to be made to Landlord shall be made in cash in full as and when they become due. At the time Tenant makes each such payment to Landlord, Tenant shall deliver to Landlord an itemized statement in reasonable detail showing the method by which the amount due Landlord was calculated and certified by the party making such payment as true and correct.

7.7 Good Faith. The rights granted to Tenant by this Article are granted in consideration of Tenant's express covenant, which Tenant hereby makes, that all pertinent allocations which are made by Tenant between the rental value of the Leased Premises and the value of any of Tenant's personal property which may be conveyed or leased (or services provided) generally concurrently with and which may reasonably be considered a part of the same transaction as the permitted assignment or subletting shall be made fairly, honestly and in good faith. If Tenant shall breach this covenant, Landlord may immediately declare Tenant to be in default under the terms of this Lease and terminate this Lease and/or exercise any other rights and remedies Landlord would have under the terms of this Lease in the case of a material default by Tenant under this Lease.

7.8 Effect Of Landlord's Consent. No subletting or assignment, even with the consent of Landlord, shall relieve Tenant of its personal and primary obligation to pay rent and to perform all of the other obligations to be performed by Tenant hereunder, and Tenant hereby agrees as follows in connection with any assignment of this Lease:

(a) The liability of Tenant under this Lease shall be primary, and in any right of action which shall accrue to Landlord under this Lease, Landlord may, at its option, proceed against Tenant without having commenced any action or obtained any judgment against an assignee. Tenant further agrees that it may be joined in any action against an assignee in connection with the said obligations of assignee and recovery may be had against Tenant in any such action. Tenant hereby expressly waives the benefits and defenses under California Civil Code Sections 2821, 2839, 2847, 2848, 2849 and 2855 to the fullest extent permitted by applicable law.

(b) If an assignee is in default of its obligations under this Lease, Landlord may proceed against either Tenant or the assignee, or both, or Landlord may enforce against Tenant or the assignee any rights that Landlord has under this Lease, in equity or under applicable law. If this Lease terminates due to an assignee's default or bankruptcy or similar debtor protection law, Landlord may enforce this Lease against Tenant, even if Landlord would be unable to enforce it against the assignee. Tenant specifically agrees and understands that Landlord may proceed forthwith and immediately against an assignee or against Tenant following any default by an assignee. Tenant hereby waives all benefits and defenses under California Civil Code Sections 2845, 2848, 2849 and 2850, including without limitation: (i) the right to require Landlord to proceed against an assignee, proceed against or exhaust any security that Landlord holds from an assignee or pursue any other remedy in Landlord's power; (ii) any defense to its obligations hereunder based on the termination or limitation of an assignee's liability; and (iii) all notices of the existence, creation, or incurring of new or additional obligations. Landlord shall have the right to enforce this Lease regardless of the release or discharge of an assignee by Landlord or by operation of any law relating to protection of debtors, bankruptcy, assignments for the benefit of creditors, or insolvency.

(c) The obligations of Tenant under this Lease shall remain in full force and effect and Tenant shall not be discharged or limited by any of the following events with respect to an assignee or Tenant: (i) insolvency, bankruptcy, reorganization arrangement, adjustment, composition, assignment for the benefits of creditors, liquidation, winding up or dissolution (each a "**Financial Proceeding**"); of (ii) any merger, acquisition, consolidation or change in entity structure, or any sale, lease, transfer, or other disposition of any entity's assets, or any sale or other transfer of interests in the entity; or (iii) any sale, exchange, assignment, hypothecation or other transfer, in whole or in part, of Landlord's interest in the Leased Premises or the Lease. Without limiting the foregoing, Tenant hereby expressly waives the benefits and defenses under any statute or judicial decision (including but not limited to the case styled In Re Arden, 176 F. 3d 1226 (9th Cir. 1999)) that would otherwise (i.e., were it not for such waiver) permit Tenant to claim or obtain the benefit of any so called "capped claim" available to an assignee in any Financial Proceeding. If all or any portion of the obligations guaranteed hereunder are paid or performed and all or any part of such payment or performance is avoided or recovered, directly or indirectly, from Landlord as a preference, fraudulent transfer or otherwise, then Tenant's obligations hereunder shall continue and remain in full force and effect as to any such avoided or recovered payment or performance.

(a) The provisions of this Lease may be changed by agreement between Landlord and an assignee without the consent of or notice to Tenant. This Lease may be assigned by Landlord or an assignee, and the Leased Premises, or a portion thereof, may be sublet by an assignee, all in accordance with the provisions of this Lease, without the consent of or notice to Tenant. Tenant shall remain primarily liable for the performance of the Lease so assigned. Without limiting the generality of the foregoing, Tenant waives the rights and benefits of California Civil Code Sections 2819 and 2820

with respect to any change to the Lease between Landlord and an assignee, and agrees that by doing so Tenant's liability shall continue even if (i) Landlord and an assignee alter any Lease obligations, or (ii) Tenant's remedies or rights against an assignee are impaired or suspended without Tenant's consent by such alteration of Lease obligations.

(b) Consent by Landlord to one or more assignments of Tenant's interest in this Lease or to one or more sublettings of the Leased Premises shall not be deemed to be a consent to any subsequent assignment or subletting. No subtenant shall have any right to assign its sublease or to further sublet any portion of the sublet premises or to permit any portion of the sublet premises to be used or occupied by any other party without the prior written consent of Landlord, in Landlord's sole discretion. No sublease may be modified without Landlord's prior written consent, which shall not be unreasonably withheld, conditioned or delayed. If Landlord shall have been ordered by a court of competent jurisdiction to consent to a requested assignment or subletting, or such an assignment or subletting shall have been ordered by a court of competent jurisdiction over the objection of Landlord, such assignment or subletting shall not be binding between the assignee (or sublessee) and Landlord until such time as all conditions set forth in Paragraph 7.4 above have been fully satisfied (to the extent not then satisfied) by the assignee or sublessee, including, without limitation, the payment to Landlord of all agreed assignment considerations and/or excess rentals then due Landlord. Upon the occurrence and continuance (beyond any notice or cure period expressly provided for in this Lease) of a default while a sublease is in effect, Landlord may collect directly from the sublessee all sums becoming due to Tenant under the sublease and apply this amount against any sums due Landlord by Tenant, and Tenant authorizes and directs any sublessee to make payments directly to Landlord upon notice from Landlord during the pendency of such default. No direct collection by Landlord from any sublessee shall constitute a novation or release of Tenant or any guarantor, a consent to the sublease or a waiver of the covenant prohibiting subleases.

ARTICLE 8
LIMITATION ON LANDLORD'S LIABILITY AND INDEMNITY

8.1 Limitation On Landlord's Liability And Release. Landlord shall not be liable to Tenant for, and Tenant hereby releases and waives all claims and rights of recovery against Landlord and its partners, principals, members, managers, officers, agents, employees, lenders, attorneys, contractors, invitees, consultants, successors and assigns (including without limitation prior and subsequent owners of the Property or portions thereof) (collectively, the "**Landlord Indemnitees**") from, any and all liability, whether in contract, tort or on any other basis, for any injury to or any damage sustained by Tenant or any of the Tenant Parties, any damage to the property of Tenant or any of the Tenant Parties, or any loss of business or profits or other financial loss of Tenant or any of the Tenant Parties resulting from or attributable to the condition of, the management of, the repair or maintenance of, the protection of, the supply of services or utilities to, the damage in or destruction of the Leased Premises, Building 4, the Property or the Common Areas, including without limitation (i) the failure, interruption, rationing or other curtailment or cessation in the supply of electricity, water, gas or other utility service to the Property, Building 4 or the Leased Premises; (ii) the vandalism or forcible entry into Building 4 or the Leased Premises; (iii) the penetration of water into or onto any portion of the Leased Premises; (iv) the failure to provide security and/or adequate lighting in or about the Property, Building 4 or the Leased Premises, (v) the existence of any design or construction defects within the Property, Building 4 or the Leased Premises; (vi) the failure of any mechanical systems to function properly (such as the HVAC systems); (vii) the blockage of access to any portion of the Property, Building 4 or the Leased Premises, except that Tenant does not so release Landlord from such liability to the extent such damage was proximately caused by Landlord's gross negligence, willful misconduct, or Landlord's failure to perform an obligation expressly undertaken by Landlord pursuant to this Lease after a reasonable period of time shall have lapsed following receipt of written notice from Tenant to so perform such obligation.

8.2 Tenant's Indemnification. Tenant shall defend with counsel reasonably satisfactory to Landlord any claims made or legal actions filed or threatened against the Landlord Indemnitees with respect to the death, bodily injury, personal injury, property damage, or interference with contractual or property rights suffered by any third party occurring within the Leased Premises or resulting from the use or occupancy of the Leased Premises, Building 4, or the Common Areas by Tenant or any of the Tenant Parties, or resulting from the activities of Tenant or any of the Tenant Parties in or about the Leased Premises, Building 4, the Common Areas or the Property, and Tenant shall indemnify and hold the Landlord Indemnitees harmless from any loss liability, penalties, or expense whatsoever (including any loss attributable to vacant space which otherwise would have been leased, but for such activities) resulting therefrom, except to the extent proximately caused by the negligence or willful misconduct of Landlord. This indemnity agreement shall survive the expiration or sooner termination of this Lease.

8.3 Landlord's Indemnification. Landlord shall indemnify, defend with counsel reasonably satisfactory to Tenant, and hold Tenant harmless from any loss liability, penalties, or expense whatsoever (including but not limited to reasonable attorneys' fees) resulting from the gross negligence or willful misconduct of Landlord at or with respect to the Property, except to the extent proximately caused by the negligence or willful misconduct of Tenant. This indemnity agreement shall survive the expiration or sooner termination of this Lease.

ARTICLE 9
INSURANCE

9.1 Tenant's Insurance. Tenant shall maintain insurance complying with all of the following:

(a) Tenant shall procure, pay for and keep in full force and effect, at all times during the Lease Term, the following:

(i) Commercial general liability insurance insuring Tenant against liability for bodily injury, death and damage to property occurring within the Leased Premises, or resulting from Tenant's use or occupancy of the Leased Premises, Building 4, the Common Areas or the Property, or resulting from Tenant's activities in or about the Leased Premises or the Property, with coverage in an amount equal to Tenant's Required Liability Coverage (as set forth in Article 1), which insurance shall contain "blanket contractual liability" and "broad form property damage" endorsements insuring Tenant's performance of Tenant's obligations to indemnify Landlord as contained in this Lease.

(ii) Fire and property damage insurance in "special form" coverage insuring Tenant against loss from physical damage to Tenant's personal property, inventory, trade fixtures and improvements within the Leased Premises with coverage for the full actual replacement cost thereof;

(iii) Business income insurance sufficient to pay Base Monthly Rent and Additional Rent for a period of not less than twelve (12) months;

(iv) Plate glass insurance, at actual replacement cost;

(v) [Reserved]

(vi) Product liability insurance (including, without limitation, if food and/or beverages are distributed, sold and/or consumed within the Leased Premises, to the extent obtainable, coverage for liability arising out of the distribution, sale, use or consumption of food and/or beverages

(including alcoholic beverages, if applicable) at the Leased Premises for not less than Tenant's Required Liability Coverage (as set forth in Article 1);

(vii) Workers' compensation insurance (statutory coverage) with employer's liability in amounts not less than $1,000,000 insurance sufficient to comply with all laws; and

(viii) With respect to making of any alterations or modifications or the construction of improvements or the like undertaken by Tenant, course of construction, commercial general liability, automobile liability and workers' compensation (to be carried by Tenant's contractor), in an amount and with coverage reasonably satisfactory to Landlord.

(b) Each policy of liability insurance required to be carried by Tenant pursuant to this paragraph or each policy of liability insurance actually carried by Tenant with respect to the Leased Premises or the Property: (i) shall, except with respect to insurance required by subparagraphs (a)(ii) and (a)(viii) above, name Landlord, and such others as are designated by Landlord, as additional insureds; (ii) shall, with respect to insurance required by subparagraph (a)(ii) above, name Landlord, and such others as are designated by Landlord, as loss payees; (iii) shall be primary and non-contributory with the insurance of Landlord, (iv) shall be carried with companies reasonably acceptable to Landlord with Best's ratings of at least A and XI; (v) shall provide that such policy shall not be subject to cancellation except after at least thirty (30) days prior written notice to Tenant or subject to cancellation for non-payment of premium except after at least ten (10) days prior written notice to Tenant, and (vi) shall contain a so-called "severability" or "cross liability" endorsement. Each policy of property insurance maintained by Tenant with respect to the Leased Premises or the Property or any property therein shall contain a waiver and/or a permission to waive by the insurer of any right of subrogation against Landlord, its partners, principals, members, managers, officers, employees, agents and contractors, which might arise by reason of any payment under such policy or by reason of any act or omission of Landlord, its partners, principals, members, managers, officers, employees, agents and contractors. Tenant shall send Landlord by next-day delivery, written notice of the cancellation of any insurance policy maintained by Tenant within one (1) business day after receiving written notice of such cancellation.

(c) Prior to the time Tenant or any of its contractors enters the Leased Premises, Tenant shall deliver to Landlord, with respect to each policy of insurance required to be carried by Tenant pursuant to this Article, a certificate of the insurer certifying in form satisfactory to Landlord that a policy has been issued, premium paid. With respect to each renewal or replacement of any such insurance, the requirements of this Paragraph must be complied with not less than ten (10) business days prior to the expiration or cancellation of the policies being renewed or replaced. Landlord may, at any time and from time to time, inspect and/or copy any and all insurance policies required to be carried by Tenant pursuant to this Article. If Landlord's Lender, insurance broker, advisor or counsel reasonably determines at any time that the amount of coverage set forth in Paragraph 9.1(a) for any policy of insurance Tenant is required to carry pursuant to this Article is not adequate, then Tenant shall increase the amount of coverage for such insurance to such greater amount as Landlord's Lender, insurance broker, advisor or counsel reasonably deems adequate, but in any event not to levels more than are required by prudent landlords of other, similar office properties in the Stanford Research Park area of Palo Alto, California. In the event Tenant does not maintain said insurance, Landlord may, in its sole discretion and without waiving any other remedies hereunder, procure said insurance and Tenant shall pay to Landlord as additional rent the cost of said insurance plus a ten percent (10%) administrative fee, but Landlord shall endeavor to provide Tenant up to five (5) business days' advance written notice before procuring same so long as there will be no lapse in coverage.

9.2 Landlord's Insurance. With respect to insurance maintained by Landlord:

(a) Landlord shall maintain, as the minimum coverage required of it by this Lease, fire and property damage insurance in so-called special form coverage insuring Landlord (and such others as Landlord may designate) against loss from physical damage to Building 4, with coverage of not less than one hundred percent (100%) of the full actual replacement cost thereof and against loss of rents for a period of not less than six months. Such fire and property damage insurance (i) shall be written in so-called "all risk" form, excluding only those perils commonly excluded from such coverage by Landlord's then property damage insurer; (ii) shall provide coverage for physical damage to the improvements so insured for up to the entire full actual replacement cost thereof; (iii) may be endorsed to cover loss or damage caused by any additional perils against which Landlord may elect to insure, including boiler and machinery insurance to limits sufficient to restore Building 4, earthquake and/or flood; and/or (iv) may provide coverage for loss of rents for a period of up to twelve (12) months. Landlord shall not be required to cause such insurance to cover any of Tenant's personal property, inventory, and trade fixtures, or any modifications, alterations or improvements made or constructed by Tenant to or within the Leased Premises. Landlord shall use commercially reasonable efforts to obtain such insurance at competitive rates.

(b) Landlord shall maintain commercial general liability insurance insuring Landlord (and such others as are designated by Landlord) against liability for personal injury, bodily injury, death, and damage to property occurring in, on or about, or resulting from the use or occupancy of the Property, or any portion thereof, with combined single limit coverage of at least Ten Million Dollars ($10,000,000). Landlord may carry such greater coverage as Landlord or Landlord's Lender, insurance broker, advisor or counsel may from time to time determine is reasonably necessary for the adequate protection of Landlord and the Property.

9.3 Mutual Waiver Of Subrogation. Landlord hereby releases Tenant, and Tenant hereby releases Landlord and its respective partners, principals, members, officers, agents, employees and servants, from any and all liability for loss, damage or injury to the property of the other in or about the Leased Premises or the Property which is caused by or results from a peril or event or happening which is covered by insurance actually carried and in force at the time of the loss by the party sustaining such loss; provided, however, that such waiver shall be effective only to the extent permitted by the insurance covering such loss and to the extent such insurance is not prejudiced thereby.

ARTICLE 10
DAMAGE TO LEASED PREMISES

10.1 Landlord's Duty To Restore. If the Leased Premises, Building 4 or the Common Area are damaged by any peril after the Effective Date of this Lease, Landlord shall restore the same, as and when required by this paragraph, unless this Lease is terminated by Landlord pursuant to Paragraph 10.3 or by Tenant pursuant to Paragraph 10.4. If this Lease is not so terminated, then upon the issuance of all necessary governmental permits, Landlord shall commence and diligently prosecute to completion the restoration of the Leased Premises, Building 4 or the Common Area, as the case may be, to the extent then allowed by law, to substantially the same condition in which it existed as of the Lease Commencement Date. Landlord's obligation to restore shall be limited to the improvements constructed by Landlord. Landlord shall have no obligation to restore any alterations, modifications or improvements made by Tenant to the Leased Premises or any of Tenant's personal property, inventory or trade fixtures. Subject to the terms of Paragraph 10.4 below, upon completion of the restoration by Landlord, to the extent that Tenant actually receives insurance proceeds, Tenant shall forthwith replace or fully repair all of Tenant's improvements constructed by Tenant to like or similar conditions as existed at the time immediately prior to such damage or destruction, to the extent permitted by Laws and Restrictions;

provided, however, that although Tenant must restore the entirety of its space, it shall have the right to restore the space with Class "A" office improvements costing an amount not to exceed $90 per square foot of the affected portion of the Leased Premises, subject to (a) plans and specifications approved by Landlord in its reasonable discretion, (b) compliance with all Laws and Restrictions, and (c) all required approvals of the Ground Lessor, the City of Palo Alto, and all agencies with jurisdiction.

10.2 Insurance Proceeds. All insurance proceeds available from the fire and property damage insurance carried by Landlord shall be paid to and become the property of Landlord. If this Lease is terminated pursuant to either Paragraph 10.3 or 10.4, all insurance proceeds available from insurance carried by Tenant which cover loss of property that is Landlord's property or would become Landlord's property on termination of this Lease in an amount not to exceed $90 per square foot of the affected portion of the Leased Premises, shall be paid to and become the property of Landlord, and the remainder of such proceeds shall be paid to and become the property of Tenant. If this Lease is not terminated pursuant to either Paragraph 10.3 or 10.4, all insurance proceeds available from insurance carried by Tenant which cover loss to property that is Landlord's property shall be paid to and become the property of Landlord, and all proceeds available from such insurance which cover loss to property which would only become the property of Landlord upon the termination of this Lease shall be paid to and remain the property of Tenant. The determination of Landlord's property and Tenant's property shall be made pursuant to Paragraph 6.2.

10.3 Landlord's Right To Terminate. Landlord shall have the option to terminate this Lease in the event any of the following occurs, which option may be exercised only by delivery to Tenant of a written notice of election to terminate within thirty days after the date of such damage or destruction:

(a) Building 4 is damaged by any peril covered by valid and collectible insurance actually carried by Landlord and in force at the time of such damage or destruction (an "**insured peril**") to such an extent that Landlord does not receive insurance proceeds (not including the effect of any deductible portion thereof equal to or greater than ninety percent (90%) of the estimated cost to restore Building 4). Notwithstanding any of the provisions of this Paragraph 10.3 to the contrary, if Landlord desires to terminate the Lease as a result of any condition described in this Paragraph 10.3(a) and the damage to the Leased Premises is anticipated to exceed an amount equal to (i) six (6) months' Base Monthly Rent and Additional Rent at the rental rate at the time of the casualty, or (ii) in the last year of the Lease Term, three (3) months' Base Monthly Rent and Additional Rent at the rental rate at the time of the casualty (as applicable, the "**Loss Cap**"), Landlord shall send written notice thereof to Tenant detailing the estimated cost of restoration and the amount by which it exceeds the Loss Cap. No later than thirty (30) days after Tenant's receipt of such written notice from Landlord, Tenant shall notify Landlord in writing whether Tenant is willing to contribute the amount required to restore the Leased Premises (including the Tenant Improvements therein) which exceeds the Loss Cap or whether Tenant desires to terminate this Lease. Provided that Tenant timely notifies Landlord that Tenant is willing to contribute such sum toward restoration of the Leased Premises, Landlord shall restore the Leased Premises (excluding any improvements and any Alterations therein built by Tenant), at its sole cost and expense, with Tenant paying each month as Additional Rent an amortized portion of the amount identified in Landlord's written notice that is in excess of the Loss Cap. Such Additional Rent due from Tenant in payment for the restoration costs that are in excess of the Loss Cap shall be amortized on a straight line basis over the Lease Term (including all remaining Extension Periods whether or not an Option to Extend therefor has then been exercised or not) with interest on the unamortized balance at the Standard Interest Rate. Tenant shall pay such Additional Rent to Landlord for the remainder of the Lease Term (inclusive of any and all Extension Periods) and if the Lease Term expires or otherwise terminates before the end of the period over which such restoration costs were amortized, then upon such expiration or termination of the Lease, Tenant shall pay to Landlord a lump sum payment equal to the unamortized principal balance of the restoration costs. If Tenant fails to timely respond to Landlord's written notice, this Lease shall terminate as provided in Paragraph 10.3 above.

(b) Building 4 is damaged by an uninsured peril, which peril Landlord was not required to (and did not) insure against pursuant to the provisions of Article 9 of this Lease.

(c) Building 4 is damaged by any peril and, because of the Laws or Restrictions then in force, Building 4 (i) cannot be restored at reasonable cost or (ii) if restored, cannot be used for the same use being made thereof before such damage.

10.4 Tenant's Right To Terminate. If the Leased Premises, Building 4 or the Common Area are damaged by any peril and Landlord does not elect to terminate this Lease or is not entitled to terminate this Lease pursuant to this Article, then as soon as reasonably practicable, Landlord shall furnish Tenant with the written opinion of Landlord's architect or construction consultant as to when the restoration work required of Landlord may be complete. Tenant shall have the option to terminate this Lease in the event any of the following occurs, which option may be exercised only by delivery to Landlord of a written notice of election to terminate within thirty (30) days after Tenant receives from Landlord the estimate of the time needed to complete such restoration:

(a) If the construction time estimated to substantially complete the restoration exceeds twelve (12) months; or

(b) If the damage occurred within twelve (12) months of the last day of the Lease Term and the construction time estimated to substantially complete the restoration exceeds thirty (30) days; or

(c) Tenant does not receive insurance proceeds equal to ninety percent (90%) or more of the cost to rebuild Tenant's improvements in the Leased Premises; or

(d) The rebuilding of Tenant's improvements in the Leased Premises is not allowed by any laws or Restrictions; or

(e) If Tenant has not terminated this Lease pursuant to either of subparagraphs (a) or (b) above, the repairs in question are to the Leased Premises or portion of the Property providing access to the Leased Premises and Landlord's repairs undertaken pursuant to Paragraph 10.1 are not actually completed within one hundred eighty (180) days after the time period set forth in the casualty repair estimate, which time period is subject to extension for Excusable Delays, Tenant shall have the right to terminate this Lease by notice to Landlord (the "**Damage Termination Notice**"), effective as of a date set forth in the Damage Termination Notice (the "**Damage Termination Date**"), which Damage Termination Date may be up to thirty (30) days after delivery of the Damage Termination Notice. Notwithstanding the foregoing, if Tenant delivers a Damage Termination Notice to Landlord, then Landlord shall have the right to suspend the occurrence of the Damage Termination Date for a period ending thirty (30) days after the Damage Termination Date set forth in the Damage Termination Notice by delivering to Tenant, within five (5) Business Days of Landlord's receipt of the Damage Termination Notice, a certificate from Landlord's contractor responsible for the repair of the damage certifying that, in such contractor's good faith judgment, the repairs shall be substantially completed within thirty (30) days after the Damage Termination Date. If the repairs shall be substantially completed prior to the expiration of such thirty (30) day period, then the Damage Termination Notice shall be of no force or effect, but if the repairs shall not be substantially completed within such thirty (30) day period, then this Lease shall terminate upon the expiration of such thirty (30) day period. At any time, from time to time, after the date occurring sixty (60) days after the date of the casualty, Tenant may request that Landlord inform Tenant of Landlord's reasonable opinion of the date of completion of the repairs and Landlord shall respond to such request within five (5) business days.

For the avoidance of confusion, the foregoing requirement regarding Tenant's default shall not be read to prevent Tenant from curing the applicable default and then exercising the above-described termination right once the default is cured if such cure is completed within the applicable cure period, if any, expressly set forth in this Lease.

10.5 Tenant's Waiver. Landlord and Tenant agree that the provisions of Paragraph 10.4 above, captioned "Tenant's Right To Terminate", are intended to supersede and replace the provisions contained in California Civil Code, Section 1932, Subdivision 2, and California Civil Code, Section 1933, and accordingly, Tenant hereby waives the provisions of such Civil Code Sections and the provisions of any successor Civil Code Sections or similar laws hereinafter enacted.

10.6 Abatement Of Rent. In the event of damage to the Leased Premises which does not result in the termination of this Lease, then the Base Monthly Rent (and any Additional Rent) shall be temporarily abated during the period (after the Insured Period) of Landlord's and/or Tenant's (as applicable) restoration, in proportion in the degree to which Tenant's use of the Leased Premises is impaired by such damage.

ARTICLE 11
CONDEMNATION

11.1 Tenant's Right To Terminate. Except as otherwise provided in Paragraph 11.4 below regarding temporary takings, Tenant shall have the option to terminate this Lease if, as a result of any taking, (i) all of the Leased Premises is taken, or (ii) twenty-five percent (25%) or more of the Leased Premises is taken and the part of the Leased Premises that remains cannot, within a reasonable period of time, be made reasonably suitable for the continued operation of Tenant's business. Tenant must exercise such option within thirty (30) days after its receipt of the condemnor's written notice of intent to condemn or take, to be effective on the later to occur of (i) the date that possession of that portion of the Leased Premises that is condemned is taken by the condemnor or (ii) the date Tenant vacated the Leased Premises.

11.2 Landlord's Right To Terminate. Except as otherwise provided in Paragraph 11.4 below regarding temporary takings, Landlord shall have the option to terminate this Lease if, as a result of any taking, (i) all of the Leased Premises is taken, (ii) fifty percent (50%) or more of the Leased Premises is taken and the part of the Leased Premises that remains cannot, within a reasonable period of time, be made reasonably suitable for the continued operation of Tenant's business, or (iii) because of the Laws or Restrictions then in force, the Leased Premises may not be used for the same use being made before such taking, whether or not restored as required by Paragraph 11.3 below. Any such option to terminate by Landlord must be exercised within a reasonable period of time, to be effective as of the date possession is taken by the condemnor.

11.3 Restoration. If any part of the Leased Premises or Building 4 is taken and this Lease is not terminated, then Landlord shall, to the extent not prohibited by Laws or Restrictions then in force, repair any damage occasioned thereby to the remainder thereof to a condition reasonably suitable for Tenant's continued operations and otherwise, to the extent practicable, in the manner and to the extent provided in Paragraph 10.1.

11.4 Temporary Taking. If a material portion of the Leased Premises is temporarily taken for a period of one year or less and such period does not extend beyond the Lease Expiration Date, this Lease shall remain in effect. If any material portion of the Leased Premises is temporarily taken for a period which exceeds one year or which extends beyond the Lease Expiration Date, then the rights of Landlord and Tenant shall be determined in accordance with Paragraphs 11.1 and 11.2 above.

11.5 Division Of Condemnation Award. Any award made for any taking of the Property, Building 4, or the Leased Premises, or any portion thereof, shall belong to and be paid to Landlord, and Tenant hereby assigns to Landlord all of its right, title and interest in any such award; provided, however, that Tenant shall be entitled to receive any portion of the award that is made specifically (i) for the taking of personal property, inventory or trade fixtures belonging to Tenant, (ii) for the interruption of Tenant's business or its moving costs, or (iii) for the value of any leasehold improvements installed and paid for by Tenant. The rights of Landlord and Tenant regarding any condemnation shall be determined as provided in this Article, and each party hereby waives the provisions of Section 1265.130 of the California Code of Civil Procedure, and the provisions of any similar law hereinafter enacted, allowing either party to petition the Supreme Court to terminate this Lease and/or otherwise allocate condemnation awards between Landlord and Tenant in the event of a taking of the Leased Premises.

11.6 Abatement Of Rent. In the event of a taking of the Leased Premises which does not result in a termination of this Lease (other than a temporary taking), then, as of the date possession is taken by the condemning authority, the Base Monthly Rent shall be reduced in the same proportion that the area of that part of the Leased Premises so taken (less any addition to the area of the Leased Premises by reason of any reconstruction) bears to the area of the Leased Premises immediately prior to such taking.

11.7 Taking Defined. The term "**taking**" or "**taken**" as used in this Article 11 shall mean any transfer or conveyance of all or any portion of the Property to a public or quasi-public agency or other entity having the power of eminent domain pursuant to or as a result of the exercise of such power by such an agency, including any inverse condemnation and/or any sale or transfer by Landlord of all or any portion of the Property to such an agency under threat of condemnation or the exercise of such power.

ARTICLE 12
DEFAULT AND REMEDIES

12.1 Events Of Tenant's Default. Tenant shall be in default of its obligations under this Lease and an Event of Default shall have occurred if any of the following events occur:

(a) Tenant shall have failed to pay Base Monthly Rent or any Additional Rent when due; provided that Tenant shall be entitled to receive written notice of late payment two (2) times during each twelve (12) month period of the Lease Term, and with respect to those two (2) late payments, Tenant shall not be in default under this Paragraph 12.1(a) unless Tenant has failed to make the required payment within three (3) business days after such notice from Landlord. After the notice has been given, Landlord shall not be required to provide any further notices (except statutory notices) to Tenant during the balance of that year; or

(b) Tenant shall have done or permitted to be done any act, use or thing in its use, occupancy or possession of the Leased Premises or Building 4 or the Common Areas which is prohibited by the terms of this Lease, or Tenant shall have failed to perform any term, covenant or condition of this Lease (except those requiring the payment of Base Monthly Rent or Additional Rent, which failures shall be governed by subparagraph (a) above) within the shorter of (i) any specific time period expressly provided under this Lease for the performance of such term, covenant or condition, or (ii) thirty (30) days after written notice from Landlord to Tenant specifying the nature of such failure and requesting Tenant to perform same (or, if such default cannot reasonably be cured within such thirty (30) day period, such longer period as is reasonably necessary to cure such default, so long as Tenant commences such cure within such thirty (30) day period and thereafter diligently completes such cure); or

(c) (i) Tenant shall have sublet the Leased Premises or assigned or encumbered its interest in this Lease in violation of the provisions contained in Article 7, or (ii) any guarantor shall have assigned or delegated its rights or obligations under the applicable guaranty without first obtaining Landlord's written consent if and as required by the terms of the applicable guaranty, in either case (i) or (ii), whether voluntarily or by operation of law; or

(d) Tenant shall have abandoned the Leased Premises (as opposed to having vacated in accordance with Paragraph 4.1 above); or

(e) Tenant or any guarantor of this Lease shall have permitted or suffered the sequestration or attachment of, or execution on, or the appointment of a custodian or receiver with respect to, all or any substantial part of the property or assets of Tenant (or such guarantor) or any property or asset essential to the conduct of Tenant's (or such guarantor's) business, and Tenant (or such guarantor) shall have failed to obtain a return or release of the same within thirty days thereafter, or prior to sale pursuant to such sequestration, attachment or levy, whichever is earlier; or

(f) Tenant or any guarantor of this Lease shall have made a general assignment of all or a substantial part of its assets for the benefit of its creditors; or

(g) Tenant or any guarantor of this Lease shall have allowed (or sought) to have entered against it a decree or order which: (i) grants or constitutes an order for relief, appointment of a trustee, or condemnation or a reorganization plan under the bankruptcy laws of the United States; (ii) approves as properly filed a petition seeking liquidation or reorganization under said bankruptcy laws or any other debtor's relief law or similar statute of the United States or any state thereof; or (iii) otherwise directs the winding up or liquidation of Tenant; provided, however, if any decree or order was entered without Tenant's consent or over Tenant's objection, Landlord may not terminate this Lease pursuant to this Subparagraph if such decree or order is rescinded or reversed within thirty days after its original entry; or

(h) Tenant or any guarantor of this Lease shall have availed itself of the protection of any debtor's relief law, moratorium law or other similar law which does not require the prior entry of a decree or order; or

(i) Tenant shall have conducted any activities which constitute a breach of any of sections 3, 6(a), 6(b), 7, 9, 11(b), 11(c), 11(d), 12, 16, or 19 of the Ground Lease, and has failed to cure the same within the applicable notice and cure period, if any, expressly provided for in the Ground Lease, and Landlord shall provide Tenant with prompt written notice of any default notice received from Ground Lessor relating to such sections; or

(j) Tenant (or its affiliate) shall be in default of its obligations under any lease between Landlord (or its affiliate) and Tenant (or its affiliate). Landlord shall have the right, acting alone, to elect from time to time to limit this Paragraph 12.1(j) to fewer than all of such other leases and/or to reverse such limitation, or to delete and/or reinstate, as applicable, this Paragraph 12.1(j), by notice to Tenant delivered in accordance with this Lease. If at any time Landlord makes such election, then Tenant agrees: (1) at Landlord's request, to execute an amendment to this Lease the effect of which is to so limit this Paragraph 12.1(j) or if applicable, to reverse such limitation, or to delete or reinstate, as applicable, this Paragraph 12.1(j), and (2) that in the event of a limitation or deletion, such amendment shall retain for Landlord the right to reverse the limitation or to reinstate this Paragraph 12.1(j), as applicable.

12.2 Landlord's Remedies. In the event of any default by Tenant, and without limiting Landlord's right to indemnification as provided in Article 8.2, Landlord shall have the following remedies, in addition to all other rights and remedies provided by law or otherwise provided in this Lease, to which Landlord may resort cumulatively, or in the alternative:

(a) Landlord may, at Landlord's election, keep this Lease in effect and enforce, by an action at law or in equity, all of its rights and remedies under this Lease including, without limitation, (i) the right to recover the rent and other sums as they become due by appropriate legal action, (ii) the right to make payments required by Tenant, or perform Tenant's obligations and be reimbursed by Tenant for the cost thereof with interest at the Default Interest Rate from the date the sum is paid by Landlord until Landlord is reimbursed by Tenant, and (iii) the remedies of injunctive relief and specific performance to prevent Tenant from violating the terms of this Lease and/or to compel Tenant to perform its obligations under this Lease, as the case may be.

(b) Landlord may, at Landlord's election, terminate this Lease by giving Tenant written notice of termination, in which event this Lease shall terminate on the date set forth for termination in such notice, in which event Tenant shall immediately surrender the Leased 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 Leased Premises and expel or remove Tenant and any other person who may be occupying the Leased Premises or any part thereof, without being liable for prosecution or any claim for damages therefor. Any termination under this subparagraph shall not relieve Tenant from its obligation to pay to Landlord all Base Monthly Rent and Additional Rent then or thereafter due, or any other sums due or thereafter accruing to Landlord, or from any claim against Tenant for damages previously accrued or then or thereafter accruing. In no event shall any one or more of the following actions by Landlord, in the absence of a written election by Landlord to terminate this Lease constitute a termination of this Lease:

(i) Appointment of a receiver or keeper in order to protect Landlord's interest hereunder;

(ii) Consent to any subletting of the Leased Premises or assignment of this Lease by Tenant, whether pursuant to the provisions hereof or otherwise; or

(iii) Any action taken by Landlord or its partners, principals, members, officers, agents, employees, or servants, which is intended to mitigate the adverse effects of any breach of this Lease by Tenant, including, without limitation, any action taken to maintain and preserve the Leased Premises on any action taken to relet the Leased Premises or any portion thereof for the account at Tenant and in the name of Tenant.

(c) In the event Tenant breaches this Lease and abandons the Leased Premises, Landlord may terminate this Lease, but this Lease shall not terminate unless Landlord gives Tenant written notice of termination. If Landlord does not terminate this Lease by giving written notice of termination, Landlord may enforce all its rights and remedies under this Lease, including the right and remedies provided by California Civil Code Section 1951.4 ("lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has right to sublet or assign, subject only to reasonable limitations"), as in effect on the Effective Date of this Lease.

(d) In the event Landlord terminates this Lease, Landlord shall be entitled, at Landlord's election, to the rights and remedies provided in California Civil Code Section 1951.2, as in effect on the Effective Date of this Lease. For purposes of computing damages pursuant to Section 1951.2, an interest rate equal to the Default Interest Rate shall be used where permitted. Such damages shall include, without limitation:

(i) The worth at the time of the award of the unpaid rent which had been earned at the time of termination; plus

(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided, computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco, at the time of award plus one percent; plus

(iv) Any other amount necessary to compensate Landlord for all detriment proximately caused by Tenant's failure to perform Tenant's obligations under this Lease, or which in the ordinary course of things would be likely to result therefrom, including without limitation, the following: (i) expenses for cleaning, repairing or restoring the Leased Premises, (ii) expenses for altering, remodeling or otherwise improving the Leased Premises for the purpose of reletting, including removal of existing leasehold improvements and/or installation of additional leasehold improvements (regardless of how the same is funded, including reduction of rent, a direct payment or allowance to a new tenant, or otherwise), (iii) broker's fees allocable to the remainder of the term of this Lease, advertising costs and other expenses of reletting the Leased Premises; (iv) costs of carrying and maintaining the Leased Premises, such as taxes, insurance premiums, utility charges and security precautions (although the foregoing shall not in any way modify Paragraph 5.3 above), (v) expenses incurred in removing, disposing of and/or storing any of Tenant's personal property, inventory or trade fixtures remaining therein; (vi) reasonable attorney's fees, expert witness fees, court costs and other reasonable expenses incurred by Landlord (but not limited to taxable costs) in retaking possession of the Leased Premises, establishing damages hereunder, and releasing the Leased Premises; and (vii) any other expenses, costs or damages otherwise incurred or suffered as a result of Tenant's default.

(e) Pursuant to California Code of Civil Procedure Section 1161.1, Landlord may accept a partial payment of Rent after serving a notice pursuant to California Code of Civil Procedure Section 1161, and may without further notice to the Tenant, commence and pursue an action to recover the difference between the amount demanded in that notice and the payment actually received. This acceptance of such a partial payment of Rent does not constitute a waiver of any rights, including any right the Landlord may have to recover possession of the Leased Premises. Further, Tenant agrees that any notice given by Landlord pursuant to Paragraph 12.1 of the Lease shall satisfy the requirements for notice under California Code of Civil Procedure Section 1161, and Landlord shall not be required to give any additional notice in order to be entitled to commence an unlawful detainer proceeding.

12.3 Landlord's Default And Tenant's Remedies. In the event Landlord fails to perform its obligations under this Lease, Landlord shall nevertheless not be in default under the terms of this Lease until such time as Tenant shall have first given Landlord written notice specifying the nature of such failure to perform its obligations, and then only after Landlord shall have had thirty (30) days following its receipt of such notice (or, in the case of emergencies, two (2) days following its receipt of such notice) within which to perform such obligations; provided that, if longer than thirty (30) days (or, in the case of emergencies, two (2) days following its receipt of such notice) is reasonably required in order to perform such obligations, Landlord shall have such longer period, but in no event later than ninety (90) days following Landlord's receipt of such notice. In the event of Landlord's default as above set forth, then, and only then, Tenant may then proceed in equity or at law to compel Landlord to perform its obligations and/or to recover damages proximately caused by such failure to perform (except as and to the extent Tenant has waived its right to damages as provided in this Lease). For purposes of this Paragraph 12.3, an "**Emergency"** shall mean an event threatening immediate and material danger to people located in the Leased Premises or to the Leased Premises or creating an immediate and material interference with or interruption of Tenant's business operations.

12.4 Limitation Of Tenant's Recourse. Tenant's sole recourse against Landlord shall be to Landlord's interest in Building 4, the Common Areas, and the Property and the rental revenues, sales proceeds, insurance proceeds and condemnation awards therefrom; provided, however, that in no event shall Tenant have recourse to any sums distributed to Landlord's members or manager(s) in the ordinary course of business (including but not limited to sale or refinancing proceeds distributed upon a sale or refinancing, as applicable). If Landlord is a corporation, trust, partnership, joint venture, limited liability company, unincorporated association, or other form of business entity, Tenant agrees that (i) the obligations of Landlord under this Lease shall not constitute personal obligations of the officers, directors, trustees, partners, joint venturers, members, managers, owners, stockholders, or other principals of such business entity, and (ii) Tenant shall have recourse only to the interest of such corporation, trust, partnership, joint venture, limited liability company, unincorporated association, or other form of business entity in Building 4, the Common Areas, or the Property (and the rental revenues, sales proceeds, insurance proceeds and condemnation awards therefrom; provided, however, that in no event shall Tenant have recourse to any sums distributed to Landlord's members or manager(s) in the ordinary course of business, including but not limited to sale or refinancing proceeds distributed upon a sale or refinancing, as applicable), for the satisfaction of such obligations and not against the assets of such officers, directors, trustees, partners, joint venturers, members, managers, owners, stockholders or principals. Additionally, if Landlord is a partnership or limited liability company, then Tenant covenants and agrees:

(a) No partner, manager, or member of Landlord shall be sued or named as a party in any suit or action brought by Tenant with respect to any alleged breach of this Lease (except to the extent necessary to secure jurisdiction over the partnership or limited liability company and then only for that sole purpose);

(b) No service of process shall be made against any partner, manager, or member of Landlord except for the sole purpose of securing jurisdiction over the partnership; and

(c) No writ of execution will ever be levied against the assets of any partner, manager, or member of Landlord other than to the extent of his or her interest in the assets of the partnership or limited liability company constituting Landlord.

Tenant further agrees that each of the foregoing covenants and agreements shall be enforceable by Landlord and by any partner or manager or member of Landlord and shall be applicable to any actual or alleged misrepresentation or nondisclosure made regarding this Lease or the Leased Premises or any actual or alleged failure, default or breach of any covenant or agreement either expressly or implicitly contained in this Lease or imposed by statute or at common law.

12.5 Tenant's Waiver. Landlord and Tenant agree that the provisions of Paragraph 12.3 above are intended to supersede and replace the provisions of California Civil Code Sections 1932(1), 1941 and 1942, and accordingly, Tenant hereby waives the provisions of California Civil Code Sections 1932(1), 1941 and 1942 and/or any similar or successor law regarding Tenant's right to terminate this Lease or to make repairs and deduct the expenses of such repairs from the rent due under this Lease.

12.6 Limitation of Landlord's Recourse. If Tenant is a corporation, trust, partnership, joint venture, limited liability company, unincorporated association, or other form of business entity, Landlord agrees that (i) the obligations of Tenant under this Lease shall not constitute personal obligations of the officers, directors, trustees, partners, joint venturers, members, managers, owners, stockholders, or other principals of such business entity, and (ii) Landlord shall not have recourse against the assets of such officers, directors, trustees, partners, joint venturers, members, managers, owners, stockholders or principals. Additionally, if Tenant is a partnership or limited liability company, then Landlord covenants and agrees:

(a) No partner, manager, or member of Tenant shall be sued or named as a party in any suit or action brought by Landlord with respect to any alleged breach of this Lease (except to the extent necessary to secure jurisdiction over the partnership or limited liability company and then only for that sole purpose);

(b) No service of process shall be made against any partner, manager, or member of Tenant except for the sole purpose of securing jurisdiction over the partnership or limited liability company; and

(c) No writ of execution will ever be levied against the assets of any partner, manager, or member of Tenant other than to the extent of his or her interest in the assets of the partnership or limited liability company constituting Tenant.

Landlord further agrees that each of the foregoing covenants and agreements shall be enforceable by Tenant and by any partner or manager or member of Tenant and shall be applicable to any actual or alleged misrepresentation or nondisclosure made regarding this Lease or the Leased Premises or any actual or alleged failure, default or breach of any covenant or agreement either expressly or implicitly contained in this Lease or imposed by statute or at common law.

ARTICLE 13
GENERAL PROVISIONS

13.1 Taxes On Tenant's Property. Tenant shall pay before delinquency any and all taxes, assessments, license fees, use fees, permit fees and public charges of whatever nature or description levied, assessed or imposed against Tenant or Landlord by a governmental agency arising out of, caused by reason of or based upon Tenant's estate in this Lease, Tenant's ownership of property, improvements made by Tenant to the Leased Premises or the Common Areas, improvements made by Landlord for Tenant's use within the Leased Premises or the Common Areas, Tenant's use (or estimated use) of public facilities or services or Tenant's consumption (or estimated consumption) of public utilities, energy, water or other resources (collectively, "**Tenant's Interest**"). Upon demand by Landlord, Tenant shall furnish Landlord with satisfactory evidence of these payments. If any such taxes, assessments, fees or public charges are levied against Landlord, Landlord's property, Building 4 or the Property, or if the assessed value of Building 4 or the Property is increased by the inclusion therein of a value placed upon Tenant's Interest, regardless of the validity thereof, Landlord shall have the right to require Tenant to pay such taxes, and if not paid and satisfactory evidence of payment delivered to Landlord at least ten days prior to delinquency, then Landlord shall have the right to pay such taxes on Tenant's behalf and to invoice

Tenant for the same, in either case whether before or after the expiration or earlier termination of the Lease Term. Tenant shall, within the earlier to occur of (a) thirty (30) days of the date it receives an invoice from Landlord setting forth the amount of such taxes, assessments, fees, or public charge so levied, or (b) the due date of such invoice, pay to Landlord, as Additional Rent, the amount set forth in such invoice. Failure by Tenant to pay the amount so invoiced within such time period shall be conclusively deemed a default by Tenant under this Lease, subject to the terms of Paragraph 12.1(a) above. Tenant shall have the right to bring suit in any court of competent jurisdiction to recover from the taxing authority the amount of any such taxes, assessments, fees or public charges so paid.

13.2 Holding Over. This Lease shall terminate without further notice on the Lease Expiration Date (as set forth in Article 1). Notwithstanding the foregoing, upon sixty (60) days advance notice from Tenant to Landlord, Tenant shall have the right to hold over in the Leased Premises for sixty (60) days, upon all of the terms and conditions of the Lease, including the obligation to pay Base Monthly Rent and Additional Rent. Any holding over by Tenant after expiration of the Lease Term shall neither constitute a renewal nor extension of this Lease nor give Tenant any rights in or to the Leased Premises except as expressly provided in this Paragraph. Any such holding over to which Landlord has consented shall be construed to be a tenancy from month to month, on the same terms and conditions herein specified insofar as applicable, except that (following the initial sixty (60) day holdover period described above, if applicable) the Base Monthly Rent shall be increased to an amount equal to one hundred twenty-five percent (125%) of the Base Monthly Rent payable during the last full month immediately preceding such holding over. Without limiting the foregoing, in the event of a holding over to which Landlord has consented, any rights of Landlord or obligations of Tenant set forth in this Lease and purporting to apply during the term of this Lease, shall nonetheless also be deemed to apply during any such hold over period. Tenant acknowledges that if Tenant holds over without Landlord's consent, such holding over may compromise or otherwise affect Landlord's ability to enter into new leases with prospective tenants regarding the Leased Premises. Therefore, if Tenant fails to surrender the Leased Premises upon the expiration or termination of this Lease (and following the initial sixty (60) day holdover period described above, if applicable), in addition to any other liabilities to Landlord accruing therefrom, Tenant shall protect, defend, indemnify and hold Landlord harmless from and against all claims resulting from such failure, including, without limiting the foregoing, any claims made by any succeeding tenant founded upon such failure to surrender, and any losses suffered by Landlord, including lost profits, resulting from such failure to surrender. Tenant shall have the right to request that Landlord provide to Tenant a written notice setting forth Landlord's estimate of the maximum amount of actual, special and consequential damages (including loss of profits, loss of business opportunity, loss of goodwill and loss of use) ("**Holding Over Damages**") that Landlord will incur as the result of Tenant's failure to surrender the Leased Premises following the expiration of the Lease Term. Within ten (10) business days after receipt of such request, Landlord shall provide Tenant a written notice setting forth Landlord's estimate of Holding Over Damages. Tenant acknowledges and agrees that such notice is nothing more than an estimate of Holding Over Damages delivered to Tenant on an accommodation basis only, and in no event shall such estimate be considered a limit on, liquidation of, or other measure of the actual Holding Over Damages which Landlord may incur as a result of any holding over by Tenant. The provisions of this Paragraph 13.2 shall not be deemed to limit or constitute a waiver of any other rights or remedies of Landlord provided herein or at law.

13.3 Subordination To Mortgages. This Lease is subject to and subordinate to all ground leases, mortgages and deeds of trust which affect Building 4 or the Property and which are of public record as of the Effective Date of this Lease, and to all renewals, modifications, consolidations, replacements and extensions thereof. Notwithstanding the foregoing, if requested by Landlord, Tenant agrees, within ten (10) business days after Landlord's written request therefor, to execute, acknowledge and deliver to Landlord any and all documents or instruments requested by Landlord or by the existing lessor or lender to assure the subordination of this Lease to such ground lease, mortgage or deed of trust,

including but not limited to a subordination agreement in the form attached to this Lease as **Exhibit E** or such other form as any such lessor or lender may require. However, if the lessor under any such ground lease or any lender holding any such mortgage or deed of trust shall advise Landlord that it desires or requires this Lease to be made prior and superior thereto, then, upon written request of Landlord to Tenant, Tenant shall promptly execute, acknowledge and deliver any and all customary or reasonable documents or instruments which Landlord and such lessor or lender deems necessary or desirable to make this Lease prior thereto. Tenant hereby consents to Landlord's ground leasing the land underlying Building 4 or the Property and/or encumbering Building 4 or the Property as security for future loans on such terms as Landlord shall desire, all of which future ground leases, mortgages or deeds of trust shall be subject to and subordinate to this Lease. However, if any lessor under any such future ground lease or any lender holding such future mortgage or deed of trust shall desire or require that this Lease be made subject to and subordinate to such future ground lease, mortgage or deed of trust, then Tenant agrees, within ten (10) business days after Landlord's written request therefor, to execute, acknowledge and deliver to Landlord any and all documents or instruments requested by Landlord or by such lessor or lender to assure the subordination of this Lease to such future ground lease, mortgage or deed of trust, but only if such lessor or lender agrees in such subordination agreement, in the form attached to this lease as **Exhibit E** or on another recordable form reasonably acceptable to Tenant, not to disturb Tenant's quiet possession of the Leased Premises so long as Tenant is not in default under this Lease (a "**Nondisturbance Agreement**"). If the proposed form of Nondisturbance Agreement is on a different form than the form attached as **Exhibit E**, then Tenant shall not object to any concept included in such other form which is substantially the same as a provision set forth in **Exhibit E**. Landlord shall obtain a Nondisturbance Agreement from its current lender within a reasonable period of time (not to exceed thirty (30) days) after the execution hereof, which Nondisturbance Agreement shall be combined with an agreement to effect the subordination provisions hereof, and which shall be on the form attached hereto as **Exhibit E**. Tenant's failure to execute and deliver such documents or instruments within ten (10) business days after Landlord's request therefor shall be a material default by Tenant under this Lease, and no further notice shall be required under Paragraph 12.1(c) or any other provision of this Lease, and Landlord shall have all of the rights and remedies available to Landlord as Landlord would otherwise have in the case of any other material default by Tenant, it being agreed and understood by Tenant that Tenant's failure to so deliver such documents or instruments in a timely manner could result in Landlord being unable to perform committed obligations to other third parties which were made by Landlord in reliance upon this covenant of Tenant.

13.4 Tenant's Attornment Upon Foreclosure. Tenant shall, upon request, attorn (i) to any purchaser of Building 4 or the Property at any foreclosure sale or private sale conducted pursuant to any security instruments encumbering Building 4 or the Property, (ii) to any grantee or transferee designated in any deed given in lieu of foreclosure of any security interest encumbering Building 4 or the Property, or (iii) to the lessor under an underlying ground lease of the land underlying Building 4 or the Property, should such ground lease be terminated; provided that such purchaser, grantee or lessor recognizes Tenant's rights under this Lease.

13.5 Mortgagee Protection. In the event of any default on the part of Landlord, Tenant will give notice by registered mail to any Lender or lessor under any underlying ground lease who shall have requested, in writing, to Tenant that it be provided with such notice, and Tenant shall offer such Lender or lessor the same notice and cure periods as are provided to Landlord. Landlord will provide Tenant with a copy of any notice of default Landlord receives from any lender of Landlord, ground lessor, or governmental agency.

13.6 **Estoppel Certificate**. Tenant will, following any request by Landlord, promptly execute and deliver to Landlord an estoppel certificate substantially in form attached as **Exhibit G**, and certifying such other information about this Lease as may be reasonably requested by Landlord, its Lender or prospective lenders, investors or purchasers of Building 4 or the Property. Tenant's failure to execute and deliver such estoppel certificate within ten (10) business days after Landlord's request therefor shall be a material default by Tenant under this Lease, and no further notice shall be required under Paragraph 12.1(c) or any other provision of this Lease, and Landlord shall have all of the rights and remedies available to Landlord as Landlord would otherwise have in the case of any other material default by Tenant, it being agreed and understood by Tenant that Tenant's failure to so deliver such estoppel certificate in a timely manner could result in Landlord being unable to perform committed obligations to other third parties which were made by Landlord in reliance upon this covenant of Tenant. Landlord and Tenant intend that any statement delivered pursuant to this paragraph may be relied upon by any Lender or purchaser or prospective Lender or purchaser of Building 4, the Property, or any interest in them.

13.7 **Tenant's Financial Information**. Tenant shall, within ten business days after Landlord's request therefor, deliver to Landlord a copy of Tenant's (and any guarantor's) current audited financial statements (including a balance sheet, income statement and statement of cash flow, all prepared in accordance with GAAP), a list of all of Tenant's creditors with current contact information, and any such other information reasonably requested by Landlord regarding Tenant's financial condition; provided, however, that as long as the common stock of Tenant (or if applicable, its assigns permitted pursuant to this Lease or otherwise approved by Landlord in writing) is publicly-traded on a United States national stock exchange, and such information is available as part of Tenant's or such Permitted Transferee's 10-K or 10-Q report filings on the SEC's Edgar website, and such materials are current per SEC filing requirements, then such requirement shall be fulfilled by such filings. Landlord shall be entitled to disclose such financial statements or other information to its Lender, to any present or prospective principal of or investor in Landlord, or to any prospective Lender or purchaser of Building 4, the Property, or any portion thereof or interest therein. Any such financial statement or other information which is marked "confidential" or "company secrets" (or is otherwise similarly marked by Tenant) shall be confidential and shall not be disclosed by Landlord to any third party except as specifically provided in this paragraph, unless the same becomes a part of the public domain without the fault of Landlord.

13.8 **Transfer By Landlord**. Landlord and its successors in interest shall have the right to transfer their interest in Building 4, the Property, or any portion thereof at any time and to any person or entity. In the event of any such transfer, the Landlord originally named herein (and in the case of any subsequent transfer, the transferor), from the date of such transfer, shall be relieved upon the written assumption thereof by the transferee, of all liability for (i) the performance of the obligations of the Landlord hereunder which may accrue after the date of such transfer, and (ii) repayment of any unapplied portion of the Security Deposit (upon transferring or crediting the same to the transferee). Tenant shall attorn to any such transferee. After the date of any such transfer, the term "Landlord" as used herein shall mean the transferee of such interest in Building 4 or the Property.

13.9 **Force Majeure**. Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, acts of war, terrorist acts, inability to obtain services, labor, or materials or reasonable substitutes therefor, governmental actions, civil commotions, fire or other casualty, delay in obtaining approvals, building permits and certificates of occupancy within normal time frames, and other causes beyond the reasonable control of the party obligated to perform, including but not limited to Covid-19-Related Delays, except with respect to the obligations imposed with regard to Rent and other charges to be paid by Tenant pursuant to this Lease (collectively, a "**Force Majeure**"), notwithstanding anything to the contrary contained in this Lease, shall excuse the performance of such party for a period equal to any such prevention, delay or stoppage and, therefore, if this Lease specifies a time period for performance of an obligation of either party, that time period shall be extended by the period of any delay

in such party's performance caused by a Force Majeure. As used herein, the term "**Covid-19-Related Delays**" means any and all delays in Tenant's ability to complete the Tenant Improvements (notwithstanding the exercise of commercially reasonable efforts to do so) caused by the worldwide Coronavirus SARS-CoV-2 (also known as COVID-19) pandemic, including but not limited to restrictions on local and global markets in areas that will affect Tenant's ability to complete the Tenant Improvements, the availability of labor, availability of travel, supply chains and availability of materials and the ability to receive permits or have inspections performed by relevant governmental agencies as a result of the closure of governmental offices or unusual delays in receiving such permits as a result of staff shortages and/or backlogs in permit applications as a result of such pandemic.

13.10 **Notices**. Any notice required or permitted to be given under this Lease other than statutory notices shall be in writing and (i) personally delivered, (ii) sent by United States mail, registered or certified mail, postage prepaid, return receipt requested, or (iii) sent by Federal Express or similar nationally recognized overnight courier service, and in all cases addressed as follows, and such notice shall be deemed to have been given upon the date of actual receipt or delivery (or refusal to accept delivery) at the address specified below (or such other addresses as may be specified by notice in the foregoing manner) as indicated on the return receipt or air bill:

If to Landlord: 1050 Page Mill Road Property, LLC
c/o Sand Hill Property Company
965 Page Mill Road
Palo Alto, California 94304
Attention: Jason Chow

with a copy to: Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.
44 Montgomery Street, 36th Floor
San Francisco, California 94104
Attention: Paul Churchill

If to Tenant: Kodiak Sciences Inc.
1050 Page Mill Road
Palo Alto, California 94304
Attention: John Borgeson, Chief Financial Officer

with a copy to: Sheppard Mullin Richter & Hampton LLP
Four Embarcadero Center, Suite 1700
San Francisco, California 94111
Attention: Doug Van Gessel

Any notice given in accordance with the foregoing shall be deemed received upon actual receipt or refusal to accept delivery. Any notice required by statute and not waived in this Lease shall be given and deemed received in accordance with the applicable statute or as otherwise provided by law.

13.11 Attorneys' Fees and Costs. In the event any party shall bring any action, arbitration, or other proceeding alleging a breach of any provision of this Lease, or a right to recover rent, to terminate this Lease, or to enforce, protect, interpret, determine, or establish any provision of this Lease or the rights or duties hereunder of either party, the prevailing party shall be entitled to recover from the non-prevailing party as a part of such action or proceeding, or in a separate action for that purpose brought within one year from the determination of such proceeding, reasonable attorneys' fees, expert witness fees, court costs and reasonable disbursements, made or incurred by the prevailing party.

13.12 Definitions. Any term that is given a special meaning by any provision in this Lease shall, unless otherwise specifically stated, have such meaning wherever used in this Lease or in any Addenda or amendment hereto. In addition to the terms defined in Article 1, the following terms shall have the following meanings:

(a) **Real Property Taxes**. The term "**Real Property Tax**" or "**Real Property Taxes**" shall each mean Tenant's Building Share (with respect to clause (i)) and Tenant's Property Share (with respect to clauses (ii) and (iii) below) (each as hereinafter adjusted) of the following (to the extent applicable to any portion of the Lease Term, regardless of when the same are imposed, assessed, levied, or otherwise charged): (i) all taxes, assessments, levies and other charges of any kind or nature whatsoever, general and special, foreseen and unforeseen (including all installments of principal and interest required to pay any general or special assessments for public improvements and any increases resulting from reassessments caused by any change in ownership or new construction), now or hereafter imposed by any governmental or quasi-governmental authority or special district having the direct or indirect power to tax or levy assessments, which are levied or assessed for whatever reason against Landlord's interest in Building 4 or this Lease, or the fixtures, equipment and other property of Landlord that is an integral part of Building 4 and located thereon, or Landlord's business of owning, leasing or managing Building 4 or the gross receipts, income or rentals from Building 4, or based on the amount of public services or public utilities used or consumed (e.g. water, gas, electricity, sewage or waste water disposal) at Building 4, or based on the number of persons employed by tenants of Building 4, the size (whether measured in area, volume, number of tenants or whatever) or the value of Building 4, or the type of use or uses conducted within Building 4, (ii) except as otherwise provided herein, all taxes, assessments, levies and other charges of any kind or nature whatsoever, general and special, foreseen and unforeseen (including all installments of principal and interest required to pay any general or special assessments for public improvements and any increases resulting from reassessments caused by any change in ownership or new construction), now or hereafter imposed by any governmental or quasi-governmental authority or special district having the direct or indirect power to tax or levy assessments, which are levied or assessed for whatever reason against the Property and/or the Common Areas (but without duplication of amounts payable on account of clause (i) above) other than Development Costs (as defined in Paragraph 13.12(c) below), and (iii) all charges, levies or fees imposed by any governmental authority against Landlord by reason of or based upon the use of or number of parking spaces within the Common Areas, the amount of public services or public utilities used or consumed (e.g. water, gas, electricity, sewage or waste water disposal) in the Common Areas (but without duplication of amounts payable on account of clause (i) above), and all costs and fees (including attorneys' fees) reasonably incurred in good faith by Landlord in contesting any Real Property Tax and in negotiating with public authorities as to any Real Property Tax. If, at any time during the Lease Term, the taxation or assessment of the Property prevailing as of the Effective Date of this Lease shall be altered so that in lieu of or in addition to any the Real Property Tax described above there shall be levied, awarded or imposed (whether by reason of a change in the method of taxation or assessment, creation of a new tax or charge, or any other cause) an alternate, substitute, or additional use or charge (A) on the value, size, use or occupancy of the Property or Landlord's interest therein or (B) on or measured by the gross receipts, income or rentals from the Property, or on Landlord's business of owning, leasing or managing the Property or (C) computed in any manner with respect to the operation of the Property, then any such tax or charge,

however designated, shall be included within the meaning of the terms “Real Property Tax” or “Real Property Taxes” for purposes of this Lease. Notwithstanding the foregoing, the terms “Real Property Tax” or “Real Property Taxes” shall not include: (1) estate, inheritance, transfer, gift or franchise taxes of Landlord or the federal or state income tax imposed on Landlord’s income from all sources, or any excess profits taxes, sales taxes, franchise taxes, gift taxes, capital stock or capital gains taxes, inheritance and succession taxes, estate taxes, or documentary transfer taxes, f (2) penalties incurred as a result of Landlord’s failure to pay taxes or to file any tax or informational returns and other taxes to the extent applicable to Landlord’s general or net income (as opposed to rents, receipts or income attributable to operations at the Property), (3) any penalties due to Landlord’s late or non-payment of any Real Property Taxes, except to the extent such late or non-payment by Landlord is directly attributable to Tenant’s failure to pay Tenant’s Share of Real Property Taxes as provided herein, (4) any items that are otherwise a Property Operating Expense so as not to double-count them, (5) any taxes which are otherwise paid by Tenant directly to the taxing authority pursuant to the terms of this Lease, (6) real estate taxes attributable to improvements made to or within other buildings in the Property which consist of tenant improvements or buildings built for other tenants (as opposed to improvements built for the common benefit of all tenants of the Property), (7) fees for transit, housing, schools, open space, child care, arts programs, traffic mitigation measures, environmental impact reports and/or traffic studies, to the extent the foregoing are payable in connection with Landlord’s obtaining of the current or future entitlements for the Property, (8) any special taxes or assessments related to any community facilities district or other assessment district relating to future improvements constructed at the Property or in connection with off-site improvements required to be constructed or paid for as the result of construction at the Property, (9) any taxes assessed on the value of improvements in the premises of any other tenant, resident, occupant or user of the Property, (10) any improvement bond or other bond, in each case to the extent arising solely from the redevelopment of the Property by Landlord or its affiliates, (11) any lump sum or prepayment of any item of Real Property Tax that is payable in installments, to the extent that such lump sum or prepayment results in an increase in Tenant’s liability for such item of Real Property Taxes in any calendar year over and above what it would have been had such item of Real Property Taxes been paid in installments (for clarity, Landlord will be permitted to include in Real Property Taxes the amount of such item as if it had been paid in installments, including interest at the rate implicit in any permitted installment payment program), or (12) any item of Real Property Tax that is the sole responsibility of another tenant of the Property to pay under its lease).

(b) **Landlord’s Insurance Costs**. The term “**Landlord’s Insurance Costs**” shall mean Tenant’s Property Share of the following (to the extent applicable to any portion of the Lease Term, regardless of when the same are incurred): the costs to Landlord to carry and maintain the policies of fire and property damage insurance for Building 4 and the Property and general liability and any other insurance required or permitted to be carried by Landlord pursuant to Article 9, together with any deductible amounts paid by Landlord upon the occurrence of any insured casualty or loss. Notwithstanding anything to the contrary contained in this Lease, “Landlord’s Insurance Costs” shall not include Real Property Taxes (as defined above), Property Maintenance Costs (as defined below), or pollution legal liability insurance (unless obtained due to a default by Tenant under Paragraph 4.11 above). In addition, if Tenant’s Share of any earthquake insurance deductible in any calendar year will exceed an amount equal to Two Dollars and 00/100 ($2.00) per square foot of rentable area of the Leased Premises (the “**Annual Earthquake Insurance Deductible Payment Limit**”), then only an amount equal to the Annual Earthquake Insurance Deductible Payment Limit may be included in Tenant’s Share of Landlord’s Insurance Costs for any calendar year, but Tenant’s Share of any portions of such earthquake insurance deductible in excess of the Annual Earthquake Insurance Deductible Payment Limit shall be carried forward, subject to the same Annual Earthquake Insurance Deductible Payment Limit, for inclusion in Landlord’s Insurance Costs in future calendar years throughout the remainder of the Lease Term. In the event any Landlord’s Insurance Cost relates solely to Building 4 and not to any other portion of the Property, then Tenant shall pay Tenant’s Building Share thereof. In the event the rentable

square footage of the Leased Premises or Building 4 is changed, Tenant's Building Share and Tenant's Property Share (as applicable) shall be recalculated so that the aggregate Building Share of all tenants in Building 4 and Property Share of all tenants in the Property shall equal 100%.

(c) **Property Maintenance Costs**. The term "**Property Maintenance Costs**" shall mean professional management fees equal to two percent (2%) of Base Monthly Rent (which may be paid to Landlord or its affiliate), plus Tenant's Building Share of all other costs and expenses (except Landlord's Insurance Costs and Real Property Taxes) paid or incurred by Landlord in protecting, operating, maintaining, repairing and preserving Building 4 and all parts thereof, including without limitation, (i) with respect to any such costs related solely to Building 4, the amortizing portion of any costs incurred by Landlord in the making of any modifications, alterations or improvements required by any governmental authority as provided in Paragraph 6.3(c), which are so amortized during the Lease Term in accordance with Paragraph 6.3(c), and (ii) such other costs as may be paid or incurred with respect to operating, maintaining (including preventive maintenance, repairs and replacements), and preserving Building 4, including but not limited to the electrical, plumbing, and HVAC systems serving Building 4; plus

(ii) without limitation or duplication of the foregoing, Tenant's Property Share of all costs and expenses (except Landlord's Insurance Costs and Real Property Taxes) paid or incurred by Landlord in protecting, operating, maintaining, repairing and preserving the Property (as opposed to just Building 4) and all parts thereof (excluding Building 4 and the Other Buildings); plus

(iii) without limitation or duplication of the foregoing, Tenant's Property Share of all costs and expenses paid or incurred by Landlord in connection with the Ground Lessor's transportation demand management program as in effect from time to time.

(d) **Property Operating Expenses**. The term "**Property Operating Expenses**" shall mean and include all Real Property Taxes, plus all Landlord's Insurance Costs, plus all Property Maintenance Costs. Notwithstanding the provisions of Paragraph 13.12(c), the following are specifically excluded from the definition of Property Operating Expenses and Tenant shall have no obligation to pay directly or reimburse Landlord for all or any portion of the following except to the extent any of the following are caused by the actions or inactions of Tenant, or result from the failure of Tenant to comply with the terms of this Lease:

(i) Landlord's non-cash charges, such as depreciation (except for the amortization of capital or other items to the extent provided for in this Lease),

(ii) any payments of points, interest or principal relating to any debt secured by the Leased Premises,

(iii) costs associated with the operation of the business of the ownership or entity which constitutes "Landlord" (as distinguished from the costs of Leased Premises operations), including, but not limited to, partnership accounting and legal matters, accounting, payroll, legal and computer services, costs of defending any lawsuits with any mortgagee, costs of selling, syndicating, financing, mortgaging or hypothecating any of Landlord's interest in the Leased Premises, costs of any disputes between Landlord and its employees (if any) whether or not engaged in Leased Premises operation, or outside fees paid in connection with disputes with other tenants,

(iv) legal fees, space planners' fees, real estate brokers' leasing commissions, and advertising expenses incurred in connection with leasing of the Leased Premises,

(v) costs for which Landlord is reimbursed by its insurance carrier or any tenant's insurance carrier or which would have been reimbursed if Landlord maintained the insurance which Landlord was required to maintain pursuant to the terms of this Lease,

(vi) any bad debt loss, rent loss or reserves for bad debts or rent loss,

(vii) any interest or late fee resulting from any failure of Landlord to pay any item of Property Operating Expenses when it would have been due without such interest or late fee,

(viii) overhead and profit increment paid to Landlord or to subsidiaries or affiliates of Landlord for such services in the Leased Premises to the extent the same exceeds the costs of such services rendered by unaffiliated third parties on a competitive basis (but the foregoing shall not limit Tenant's obligation to pay the Management Fee described in Paragraph 13.12(b) above),

(ix) costs of repairs or rebuilding necessitated by condemnation except as otherwise provided in this Lease, or the portion(s) of any insurance deductibles that are excluded in Paragraph 13.12(b)(i) above (but the same shall be carried forward as therein provided),

(x) space planning fees and commissions,

(xi) expenses for repairs, replacements or improvements to the extent such expenses are reimbursed by warranties from contractors, manufacturers or suppliers, or are otherwise borne by parties other than Landlord,

(xii) costs incurred due to Landlord's violation of any terms and conditions of this Lease, any other lease or occupancy agreement at the Property, any contract or agreement relating to the Property or any part thereof (including Restrictions), or of any law, ordinance or governmental rule or regulation affecting Building 4,

(xiii) costs of repairs or other work occasioned by casualty (to the extent the cost of the repairs is reimbursed by insurance or would have been reimbursed if Landlord maintained the insurance which Landlord was required to maintain pursuant to the terms of this Lease),

(xiv) costs incurred to remove, remedy, contain or treat any Hazardous Materials, except to the extent that such costs arise in the ordinary course of maintenance of an office building campus in the general locale of the Property or result from the acts or omissions of Tenant or any of Tenant's Parties; provided, however, that nothing herein shall be deemed to modify or lessen the obligations of Tenant pursuant to Paragraph 4.11 of this Lease,

(xv) reserves of any kind,

(xvi) costs of rentals for items which if purchased, rather than rented, would constitute a capital improvement or equipment;

(xvii) "**Development Costs**," defined herein to mean the following costs, expenses and fees to the extent incurred in connection with the initial construction, entitlement and development of the Property: (A) all fees and costs attributable to compliance with Landlord's conditions of approval for the Property (e.g., mitigation fees, impact fees, subsidies, tap-in fees, development fees, connection fees or similar one-time charges or costs (however characterized)), (B) lump sum assessments or payments under any public or private infrastructure payment districts, (C) costs of traffic studies, transportation management reports, and establishment of transportation management plans, and (D)

environmental impact reports, except that Property Maintenance Costs shall include (or such costs may be charged directly to Tenant, if applicable) any on-going operational costs incurred by Landlord that are set forth in Landlord's entitlements, permits or other approvals for the development of the Property, including but not limited to transportation management plans and/or the conditions of approval and development agreement therefor, or any such ongoing operational costs of any future programs or requirements which are either referenced in such entitlements, permits or approvals or which are a logical evolution thereof and are subsequently required by the governmental agencies implementing such entitlements, permits or approvals,

(xviii) any payments under a ground lease relating to the Property, Building 4, or the Leased Premises,

(xix) costs, including permit, license and inspection costs, incurred with respect to the installation of other tenants' or other occupants' improvements made for other tenants or other occupants at the Property or incurred in renovating or otherwise improving, decorating, painting or redecorating space (excluding Common Areas) for tenants or other occupants of the Property,

(xx) any assessment and premiums for time periods other than the Lease Term (but overlapping assessment or premium periods may be prorated and the amounts allocable to the Lease Term shall be included in Property Operating Costs),

(xxi) marketing and promotional costs, including but not limited to leasing commissions, real estate brokerage commissions, and attorneys' fees in connection with the negotiation and preparation of letters, deal memos, letters of intent, leases, subleases and/or assignments, space planning costs, and other costs and expenses incurred in connection with lease, sublease and/or assignment negotiations and transactions with present or prospective tenants or other occupants of the Property, including Tenant (but no costs arising from Article 7 shall be excluded by this subparagraph),

(xxii) costs of services, utilities, or other benefits which are not offered to Tenant or for which Tenant is charged for directly but which are provided to another tenant or occupant of the Property, including, but not limited to, above Building standard heating, ventilation and air-conditioning, and janitorial services,

(xxiii) all items and services for which Tenant or any other tenant at the Property reimburses Landlord or pays directly (as opposed to paying the same through Tenant's Building Share or Tenant's Property Share or any other tenant's share of Property Operating Costs), including electric power or other utility costs for which any tenant directly contracts with the local public service company,

(xxiv) advertising and promotional expenditures, including but not limited to tenant newsletters and Property or Building promotional gifts, events or parties for existing or potential future occupants, and the costs of signs (other than the Building 4 directory) in or on the Property identifying the owner of Building 4 or other tenants' signs;

(xxv) any cost or expense arising solely in connection with the initial entitlement, development, and construction of the Other Buildings on the Property;

(xxvi) any cost which is expressly excluded from Property Operating Expenses, Real Property Taxes, or Property Maintenance Costs pursuant to a different provision of this Lease.

(xxvii) costs, other than those incurred in ordinary maintenance and repair, for sculpture, paintings, fountains or other objects of art,

(xxviii) costs (including in connection therewith all attorneys' fees and costs of settlement judgments and payments in lieu thereof) arising from claims, disputes or potential disputes in connection with potential or actual claims, litigation or arbitrations pertaining to Landlord and/or Building 4, and/or the Property;

(xxix) the cost of any work or services performed for any tenant (including Tenant) at such tenant's cost for which Landlord has been reimbursed,

(xxx) payments to Landlord or to subsidiaries or affiliates of Landlord for services in Building 4 to the extent the same exceeds the fair market costs of such services rendered by unaffiliated comparable third parties (but the foregoing shall not limit Tenant's obligation to pay the Management Fee described in Paragraph 13.12(b) above),

(xxxi) the cost of any parties, ceremonies or other events for tenants, Landlord, Landlord's affiliates or third parties, whether conducted in Building 4, the Property or in any other location;

(xxxii) costs incurred by Landlord in connection with rooftop communications equipment of Landlord or other persons, tenants or occupants on Building 4 or the Property (other than Tenant of other occupants of Building 4);

(xxxiii) "takeover" expenses, including, but not limited to, the expenses incurred by Landlord with respect to space located in another building of any kind or nature in connection with the leasing of space in Building 4,

(xxxiv) any costs, fees, dues, contributions or similar expenses for industry associations or similar organizations, and Landlord's charitable or political contributions,

(xxxv) any costs associated with the purchase or rental or furniture, fixtures or equipment for any management, security, engineering, or other offices associated with the Property and Common Areas or for Landlord's offices or the offices of other landlords of the Property or for the Common Areas of Building 4 or Property,

(xxxvi) wages, fees, operating expenses and taxes incurred in connection with the ownership, management and operation of commercial concessions operated by Landlord,

(xxxvii) the entertainment expenses and travel expenses of Landlord, its employees, agents, partners and affiliates,

(xxxviii) any costs for which Landlord has been reimbursed or receives a credit or refund or to the extent of any discount, provided if Landlord receives the same in connection with any costs or expenditures previously included in Property Operating Expenses for an expense year, Landlord shall promptly reimburse Tenant for any overpayment for such previous expense year; and

(xxxix) all items and services for which Tenant or any other tenant at the Property reimburses Landlord or pays directly (as opposed to paying the same through Tenant's Building Share or Tenant's Property Share or any other tenant's share of Property Operating Costs), including electric power or other utility costs for which any tenant directly contracts with the local public service company,

(xl) the costs of obtaining any initial LEED certification of Building 4; provided, however, that nothing herein shall be deemed to prevent Landlord from including in Property Operating Costs any subsequent costs of complying with the operational requirements of that LEED certification,

(xli) the cost of complying with the representations and warranties of Landlord under this Lease or any exhibit thereto,

(xlii) costs associated with the business of the partnership or entity which constitutes the Landlord, as the same are distinguished from the costs of operation of the Property, including, without limitation, costs of partnership/entity accounting and legal matters, costs of defending ay lawsuits with any mortgagee, costs of selling, syndicating, financing, mortgaging or hypothecating any of the Landlord's interest in the Property or subdividing the Property, costs incurred in connection with any disputes between Landlord and its employees, between Landlord and the Property management, or between Landlord and other tenants or occupants, and costs incurred due to violation by Landlord of the terms and condition of any lease of space in the Property or any other obligations of Landlord,

(xliii) the wages and benefits of any employee who does not devote substantially all of his or her employed time to the Property unless such wages and benefits are prorated to reflect time spent on operating and managing the Property vis a vis time spent on matters unrelated to operating and managing the Property; provided, that in no event shall Property Maintenance Costs for purposes of this Lease include wages and/or benefits attributable to personnel above the level of property manager,

(xliv) any costs expressly excluded from Property Maintenance Costs elsewhere in this Lease or the exhibits hereto, and

(xlv) costs arising from the gross negligence or willful misconduct of Landlord or its agents, employees, vendors, contractors or providers of materials or services.

It is understood that Property Maintenance Expenses shall be calculated net of all cash discounts, trade discounts, or quantity discounts received by Landlord or Landlord's managing agent in the purchase of any goods, utilities, or services which are the basis of the specific Property Maintenance Expense. In the calculation of any expenses hereunder, it is understood that after giving effect to the provisions of Paragraph 3.3 above, Landlord will not charge Tenant more than one hundred percent (100%) of any Property Maintenance Expenses due hereunder. Landlord and Tenant also agree that it is their intention that no Property Maintenance Expenses (or exclusions therefrom) be duplicated.

(e) **Law**. The term "**Law**" or "**Laws**" shall mean any judicial decisions and any statute, constitution, ordinance, resolution, regulation, rule, code, administrative order, condition of approval, or other requirements of any municipal, county, state, federal, or other governmental agency or authority having jurisdiction over the parties to this Lease, the Leased Premises, Building 4 or the Property, or any of them, in effect either at the Effective Date of this Lease or at any time during the Lease Term, including, without limitation, any regulation, order, or policy of any quasi-official entity or body (e.g. a board of fire examiners or a public utility or special district). Except to the extent otherwise expressly provided in this Lease, to the extent any Law or Restriction places limits on Building 4 or any portion thereof, or on the Property or any portion thereof, such limits shall be equitably allocated to the Leased Premises pro rata in the same proportion that the rentable square footage of the Leased Premises bears to the rentable square footage of the applicable Building or portion thereof, or the Property or portion thereof, as applicable.

(f) **Lender**. The term "**Lender**" shall mean the holder of any promissory note or other evidence of indebtedness secured by the Property or any portion thereof.

(g) **Rent**. The term "**Rent**" shall mean collectively Base Monthly Rent and all Additional Rent.

(h) **Restrictions**. The term "**Restrictions**" shall mean the covenants, conditions and restrictions, private agreements, easements, and any other recorded documents or instruments affecting the use of the Property, Building 4, the Leased Premises, or the Common Areas as of the Effective Date of this Lease and any future covenants, conditions and restrictions, private agreements, easements, and any other recorded documents or instruments which (i) are created or caused by an act or neglect or Tenant, or (ii) are consented to in writing by Tenant, which consent shall not be unreasonably withheld, or (iii) are imposed by the Ground Lessor or another governmental or quasi-governmental (e.g., assessment district) entity with the power to impose same, or (iv) do not materially interfere with the use or occupancy of the Leased Premises for the conduct of Tenant's business, materially increase Tenant's costs under this Lease or in connection with the use and occupancy of the Leased Premises.

13.13 General Waivers. One party's consent to or approval of any act by the other party requiring the first party's consent or approval shall not be deemed to waive or render unnecessary the first party's consent to or approval of any subsequent similar act by the other party. No waiver of any provision hereof, or any waiver of any breach of any provision hereof, shall be effective unless in writing and signed by the waiving party. The receipt by Landlord of any rent or payment with or without knowledge of the breach of any other provision hereof shall not be deemed a waiver of any such breach. No waiver of any provision of this Lease shall be deemed a continuing waiver unless such waiver specifically states so in writing and is signed by both Landlord and Tenant. No delay or omission in the exercise of any right or remedy accruing to either party upon any breach by the other party under this Lease shall impair such right or remedy or be construed as a waiver of any such breach theretofore or thereafter occurring. The waiver by either party of any breach of any provision of this Lease shall not be deemed to be a waiver of any subsequent breach of the same or any other provisions herein contained.

13.14 Miscellaneous. Should any provisions of this Lease prove to be invalid or illegal, such invalidity or illegality shall in no way affect, impair or invalidate any other provisions hereof, and such remaining provisions shall remain in full force and effect. Time is of the essence with respect to the performance of every provision of this Lease in which time of performance is a factor. Any copy of this Lease which is executed by the parties shall be deemed an original for all purposes. This Lease shall, subject to the provisions regarding assignment, apply to and bind the respective heirs, successors, executors, administrators and assigns of Landlord and Tenant. The term "party" shall mean Landlord or Tenant as the context implies. If Tenant consists of more than one person or entity, then all members of Tenant shall be jointly and severally liable hereunder. If this Lease is signed by an individual "doing business as " or "dba" another person or entity or entity name, the individual who signs this Lease will be deemed to be the Tenant hereunder for all purposes. Submission of this Lease for review, examination or signature by Tenant does not constitute an offer to lease, a reservation of or an option for lease, or a binding agreement of any kind, and notwithstanding any inconsistent language contained in any other document, this Lease is not effective as a lease or otherwise until execution and delivery by both Landlord and Tenant, and prior to such mutual execution and delivery, neither party shall have any obligation to negotiate and may discontinue discussions and negotiations at any time for any reason or no reason. This Lease shall be construed and enforced in accordance with the Laws of the State in which the Leased Premises are located. The headings and captions in this Lease are for convenience only and shall not be construed in the construction or interpretation of any provision hereof. When the context of this Lease requires, the neuter gender includes the masculine, the feminine, a partnership, corporation, limited liability company, joint venture, or other form of business entity, and the singular includes the plural. The

terms “must,” “shall,” “will,” and “agree” are mandatory. The term “may” is permissive. The term “governmental agency” or “governmental authority” or similar terms shall include, without limitation, all federal, state, city, local and other governmental and quasi-governmental agencies, authorities, bodies, boards, etc., and any party or parties having enforcement rights under any Restrictions. When a party is required to do something by this Lease, it shall do so at its sole cost and expense without right of reimbursement from the other party unless specific provision is made therefor. Where Landlord’s consent is required hereunder, the consent of any Lender shall also be required to the extent required by the applicable loan documents. Landlord and Tenant shall both be deemed to have drafted this Lease, and the rule of construction that a document is to be construed against the drafting party shall not be employed in the construction or interpretation of this Lease. Where Tenant is obligated not to perform any act or is not permitted to perform any act, Tenant is also obligated to restrain the Tenant Parties from performing such act. Landlord shall not become or be deemed a partner or a joint venturer with Tenant by reason of any of the provisions of this Lease. This Lease may be executed in counterparts; all executed counterparts shall constitute one agreement, and each counterpart shall be deemed an original.

13.15 Patriot Act Compliance. Tenant acknowledges that Tenant and certain affiliates of Tenant are subject to, and to Tenant’s knowledge, are in compliance with applicable United States laws and regulations relating to anti-money laundering, including the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "**Patriot Act**") and the Bank Secrecy Act, as amended by the Patriot Act (the "**BSA**"), and the sanctions regimes administered by the U.S. Treasury Department’s Office of Foreign Assets Control (collectively, the "**U.S. AML Laws and Regulations**"). Tenant represents and warrants that, in order to facilitate compliance with U.S. AML Laws and Regulations, a written anti-money laundering prevention program reasonably designed to comply with the requirements of U.S. AML Laws and Regulations has been developed and implemented with respect to Tenant.

ARTICLE 14
LEGAL AUTHORITY
BROKERS AND ENTIRE AGREEMENT

14.1 Legal Authority. Each individual executing this Lease on behalf of Tenant represents and warrants that Tenant is validly formed and duly authorized and existing, that Tenant is qualified to do business in the State in which the Leased Premises are located, that Tenant has the full right and legal authority to enter into this Lease, and that he or she is duly authorized to execute and deliver this Lease on behalf of Tenant in accordance with its terms. Tenant shall, no later than July 15, 2020, deliver to Landlord a certified copy of the resolution of its board of directors authorizing or ratifying the execution of this Lease.

14.2 Brokers. Tenant represents, warrants and agrees that it has not had any dealings with any real estate broker(s), leasing agent(s), finder(s) or salesmen, with respect to the lease by it of the Leased Premises pursuant to this Lease, and that it will indemnify, defend with competent counsel, and hold Landlord harmless from any liability for the payment of any real estate brokerage commissions, leasing commissions or finder’s fees claimed by any other real estate broker(s), leasing agent(s), finder(s), or salesmen to be earned or due and payable by reason of Tenant’s agreement or promise (implied or otherwise) to pay (or to have Landlord pay) such a commission or finder’s fee by reason of its leasing the Leased Premises pursuant to this Lease.

14.3 Entire Agreement. This Lease and the Exhibits (as described in Article 1), which Exhibits are by this reference incorporated herein, constitute the entire agreement between the parties, and there are no other agreements, understandings or representations between the parties relating to the lease by Landlord of the Leased Premises to Tenant, except as expressed herein. No subsequent changes, modifications or additions to this Lease shall be binding upon the parties unless in writing and signed by both Landlord and Tenant.

14.4 Landlord's Representations. Tenant acknowledges that neither Landlord nor any of its agents made any representations or warranties respecting the Property, Building 4 or the Leased Premises, upon which Tenant relied in entering into the Lease, which are not expressly set forth in this Lease. Tenant further acknowledges that neither Landlord nor any of its agents made any representations as to (i) whether the Leased Premises may be used for Tenant's intended use under existing Law, or (ii) the suitability of the Leased Premises for the conduct of Tenant's business, or (iii) the exact square footage of the Leased Premises or Building 4, and that Tenant relies solely upon its own investigations with respect to such matters. Tenant expressly waives any and all claims for damage by reason of any statement, representation, warranty, promise or other agreement of Landlord or Landlord's agent(s), if any, not contained in this Lease or in any exhibit attached hereto.

ARTICLE 15
OPTION TO EXTEND

15.1 Options to Extend. So long as Kodiak Sciences Inc., a Delaware corporation (or an assignee of Tenant in compliance with the requirements of Article 7 above) is the Tenant hereunder, and subject to the conditions set forth in subparagraphs (a), (b), and (c) below, Tenant shall have two (2) options to extend the term of this Lease with respect to the entirety of the Leased Premises, the first (the "**First Extension Period**") being for a period of five (5) years from the expiration of the initial, unextended Lease Term, and the second (the "**Second Extension Period**") being for a period of five (5) years from the expiration of the First Extension Period, subject to the following conditions:

(a) The applicable option to extend shall be exercised, if at all, by notice of exercise given to Landlord by Tenant not more than fifteen (15) months nor less than nine (9) months prior to the expiration of the initial, unextended Lease Term or the First Extension Period, as applicable; and

(b) Anything herein to the contrary notwithstanding, if Tenant is in default beyond any applicable notice and cure period under any of the terms, covenants or conditions of this Lease, Landlord shall have, in addition to all of Landlord's other rights and remedies provided in this Lease, the right to terminate such option(s) to extend upon notice to Tenant.

15.2 Extension Period Rent. If an option is exercised in a timely fashion, the Lease shall be extended for the term of the applicable Extension Period upon all of the terms and conditions of this Lease, provided that the Base Monthly Rent: (a) for each of the first twelve (12) months of the First Extension Period shall equal one hundred three percent (103%) of the Base Monthly Rent in effect on the last day of the initial, unextended Lease Term, and shall similarly be increased by three percent (3%) annually throughout the first Extension Period, and (b) for each of the first twelve (12) months of the Second Extension Period shall equal one hundred three percent (103%) of the Base Monthly Rent in effect on the last day of the First Extension Period, and shall similarly be increased by three percent (3%) annually throughout the second Extension Period.

ARTICLE 16
TELECOMMUNICATIONS

16.1 Telecommunications. Notwithstanding any other provision of this Lease to the contrary:

(a) Landlord shall have no responsibility for providing to Tenant any telecommunications equipment of any kind, including but not limited to wiring and cabling, within the Leased Premises or for providing telephone or telecommunications service or connections from the utility to the Leased Premises; and

(b) Landlord makes no warranty as to the quality, continuity or availability of the telecommunications services in the Building, and Tenant hereby waives any claim against Landlord for any actual or consequential damages (including damages for loss of business) in the event Tenant's telecommunications services in any way are interrupted, damaged or rendered less effective, except to the extent caused by the active gross negligence or willful misconduct of Landlord, its agents or employees. Tenant accepts the telecommunications equipment in its "AS-IS" condition, and Tenant shall be solely responsible for contracting with a reliable third party vendor to assume responsibility for the maintenance and repair thereof (which contract shall contain provisions requiring such vendor to meet local and federal requirements for telecommunications material and workmanship). Landlord shall not be liable to Tenant and Tenant waives all claims against Landlord whatsoever, whether for personal injury, property damage, loss of use of the Leased Premises, or otherwise, due to the interruption or failure of telecommunications services to the Leased Premises.

ARTICLE 17
RIGHT OF FIRST OFFER

17.1 Right of First Offer. Provided that (a) Tenant is Kodiak Sciences Inc., a Delaware corporation (or an assignee of Tenant in compliance with the requirements of Article 7 above) and it is not in monetary default or material non-monetary default under this Lease (with respect to which it had received written notice from Landlord) at the time Landlord desires to market Building 2 for lease, and (b) such entity is then leasing all of Building 4 and has not subleased more than twenty-five percent (25%) thereof, then when the entirety of Building 2 becomes available (i.e., it is no longer leased or subleased to other tenants or subtenants) and Landlord desires to market it for lease as a full building lease, Landlord shall deliver a written notice (the "**ROFO Notice**") to Tenant setting forth the terms upon which Landlord is intending to market Building 2, which shall be market terms at that time. Tenant shall notify Landlord in writing with ten (10) business days after receipt of the ROFO Notice of Tenant's election to lease Building 2 on the terms set forth in the ROFO Notice ("**Tenant's ROFO Election Notice**").

17.2 No Timely Exercise. Failure of Tenant to deliver Tenant's ROFO Election Notice within the required time period shall be deemed an election by Tenant to not lease Building 2, Landlord shall be free to market Building 2 to third parties on such terms as Landlord shall elect, and Tenant shall have no further rights to lease Building 2 except as hereinafter provided. In the event that Landlord proposes to lease Building 2 at a Net Effective Rental Rate that is less (on a per rentable square foot basis) than ninety percent (90%) of the Net Effective Rental Rate specified in Landlord's ROFO Notice, or Landlord does not lease Building 2 within ninety (90) days after the date of the ROFO Notice, Tenant's rights under Paragraph 17.1 shall be revived and Landlord shall deliver a revised ROFO Notice (the "**Revised ROFO Notice**") offering Building 2 to Tenant at such proposed lower rate and Tenant shall have the right to lease Building 2 on the terms set forth in such Revised ROFO Notice, by notice to Landlord given within five (5) business days after Tenant's receipt thereof. As used in this Lease, the term "**Net Effective Rental Rate**" shall mean the net present value of the rent and additional rent payable under the terms of Landlord's ROFO Notice, taking into account any allowances and the fair market value of any work to be performed by Landlord at its sole expense in connection with any such proposed transaction using a discount rate equal to the sum of that rate quoted by Wells Fargo Bank, N.T. & S. A., from time to time as its prime rate, plus two percent (2%).

17.3 Timely Exercise. If Tenant delivers Tenant's ROFO Election Notice within the time period required herein, Tenant shall be bound and obligated to lease from Landlord, and Landlord shall be bound and obligated to lease to Tenant, Building 2 on the terms hereinafter described, and Landlord and Tenant shall enter into a new lease on substantially the same other terms as this Lease (except such lease shall not include a right of first offer) for Building 2 (and shall use commercially reasonable efforts to do so within fifteen (15) business days after Landlord's receipt of Tenant's ROFO Election Notice). The per square foot economic terms shall be the terms set forth in the ROFO Notice and shall apply to the entire Building 2. Anything herein to the contrary notwithstanding, if Tenant is in default under any of the terms, covenants or conditions of this Lease (with respect to which it had received written notice from Landlord), either at the time Tenant sends Tenant's ROFO Election Notice or upon executing the new lease, Landlord shall have, in addition to all of Landlord's other rights and remedies provided in this Lease, the right to terminate the right of first offer contained herein upon notice to Tenant. For the avoidance of confusion, the foregoing shall not be read to prevent Tenant from curing the applicable default and then sending Tenant's ROFO Election Notice or executing the new lease once the default is cured if such cure is completed within the applicable cure period, if any, expressly set forth in this Lease.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the respective dates below set forth with the intent to be legally bound thereby as of the Effective Date of this Lease first above set forth.

LANDLORD:

1050 PAGE MILL ROAD PROPERTY, LLC,
a Delaware limited liability company

Dated: June 19, 2020

By: /s/ Peter Pau
Its Manager

TENANT:

KODIAK SCIENCES INC.,
a Delaware corporation

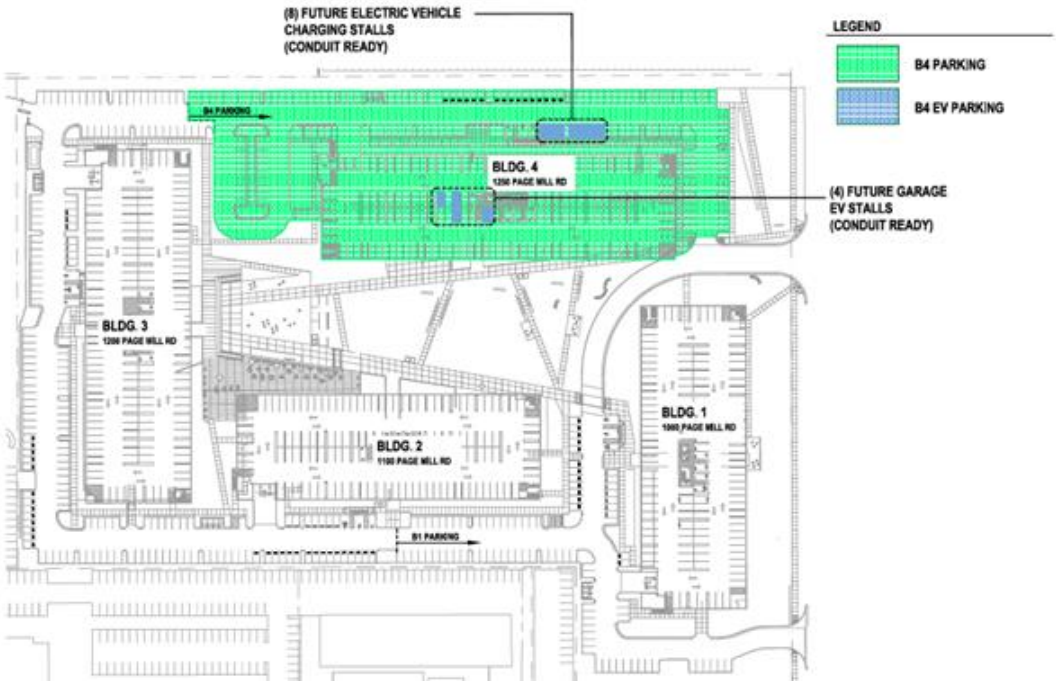
Dated: June 19, 2020

By: /s/ Victor Perlroth
Name: Victor Perlroth
Title: Chairman and Chief Executive Officer

Building 4

SCHEDULE 1

PARKING



SCHEDULE 2

GROUND LEASE

[follows this page]

LEASE

(Buildings 2&3)

THIS LEASE is made and entered into as of this 25 day of June, 1998, but is effective as of the 28th day of December, 1955, by and between THE BOARD OF TRUSTEES OF THE LELAND STANFORD JUNIOR UNIVERSITY, a body having corporate powers under the laws of the State of California, Party of the First Part, hereinafter referred to as "Lessor," and BECKMAN COULTER, INC., a Delaware corporation (formerly Beckman Instruments, Inc.), Party of the Second Part, hereinafter referred to as "Lessee,"

W I T N E S S E T H:

WHEREAS, Lessor is the owner of the hereinafter described property located within the City of Palo Alto, County of Santa Clara, State of California; and

WHEREAS, pursuant to that certain Lease dated December 28, 1955 as subsequently amended on May 15, 1957 (as so amended, the "Original Lease"), Lessor has heretofore leased such property and certain additional property adjacent thereto to Lessee.

WHEREAS, the within Lease is intended to be a continuation and restatement of the Original Lease, but only as to the property described herein, and is being entered into solely for the purpose of splitting the property leased under the Original Lease into two portions.

WHEREAS, Lessor and Lessee are desirous of leasing the hereinafter described property pursuant to the within Lease and leasing such adjacent property pursuant to a separate lease to be executed concurrently herewith.

NOW, THEREFORE, it is mutually agreed by and between the parties as follows:

1. Description of Property and Term.

For and in consideration of the rent prescribed herein and of the faithful performance by Lessee of the other terms, covenants, agreements and conditions herein contained on the part of Lessee to be kept and performed, Lessor hereby leases unto Lessee and Lessee does hereby hire from Lessor that certain parcel of land being a portion of the grounds of The Leland Stanford Junior University located within the boundaries of the City of Palo Alto, County of Santa Clara, State of California, and more particularly described as follows:

BEGINNING at a concrete highway monument set on the Southwesterly line of EI Camino Real (State Highway) opposite Engineers Station 144 + 27.00 as surveyed by the California Division of Highways as said Southwesterly line was established by that Decree in Condemnation, a certified copy of which Decree was filed for record in the office of the Recorder of the County of Santa Clara, State of California, on July 7, 1930 in Book 520 of Official Records, at page 571, said monument also marks the point of intersection of said Southwesterly line with the Southeasterly line of that certain 1289 acre tract of land described in the Deed from Evelyn C. Crosby, et al, to Leland Stanford, dated September 8, 1885, recorded September 8, 1885 in Book 80 of Deeds, page 382, Santa Clara County Records; running thence North 56° 39’ West along said Southwesterly line of EI Camino Real for a distance of 2784.83 feet; thence leaving said line of El Camino Real, South 33° 21’ West 1585.78 feet; thence North 56° 39’ West 364.11 feet to the true point of beginning of this description; thence from said true point of beginning South 33° 24’ 55” West 589.71 feet to the Southwesterly line of that certain 5.479 acre tract of land described in the Memorandum of Lease executed by and between the Board of Trustees of the Leland Stanford Junior University, Lessor, and Beckman Instruments, Inc., Lessee dated December 28, 1955, recorded January 11, 1956 in Book 3384 of Official Records, page 14, Santa Clara County Records; thence South 56° 39’ East along said Southwesterly line, 364.78 feet to the Southern most comer thereof; thence South 56° 26’ 07” East 305.53 feet; thence South 33° 36’ 20” West 148.13 feet; thence South 56° 23’ 40” East 259.62 feet to a point on a line which is parallel with and distant Northwesterly 90.00 feet at right

angles from the center line of Page Mill Road (60.00 feet in width), thence North 33° 28’ 37” East along said parallel line, 740.15 feet to a point which bears South 56° 39’ East from the true point of beginning; thence North 56° 39’ West 930.24 feet to the true point of beginning.

TOGETHER WITH an easement for the purpose of ingress and egress over a strip of land, 60.00 feet in width, the Northwesterly line of which is more particularly described as follows:

Beginning at the Southernmost corner of the 12.063 acre tract described in the Memorandum of Agreement Adding Additional Lands to Lease executed by and between the Board of Trustees of the Leland Stanford Junior University, Lessor and Beckman Instruments Inc., Lessee dated May 15, 1957, recorded July 1, 1957 in Book 3834 page 181, Santa Clara County Records; thence from said point of beginning North 33° 28’ 37” East along the Southeasterly line of said 12.063 acre tract, 740.15 feet to the Easternmost corner thereof and the terminus of said easement. Said easement of ingress and egress shall cease and terminate forthwith upon notice from Lessor to Lessee that the State of California or other Governmental body (i) has acquired the fee title to the property subject to said easement, (ii) has acquired an interest in said property inconsistent with the use and enjoyment by Lessee of said easement, or (iii) has acquired the right of possession of said property or said easement.

RESERVING THEREFROM an easement 3 feet in width, measured at right angles contiguous with and lying Southwesterly from the Northeasterly line of the herein described parcel for purposes of laying and maintaining water lines and appurtenances.

ALSO RESERVING THEREFROM an easement over a strip of land 10.00 feet in width, contiguous with and lying Southwesterly from the Northeasterly line of said 12.063 acre tract, said easement to extend from the Southeasterly line of California Avenue (66 feet in width) throughout the length of said Northeasterly line and its Southeasterly extension to the Northwesterly line of Page Mill Road (60 feet in width) for purposes of constructing, laying, operating, maintaining, using, altering, repairing, inspecting, replacing and relocating therein and/or removing therefrom a main or mains, pipeline or pipelines, with any and all connections and fixtures necessary or convenient thereto for the transportation and distribution of water.

ALSO RESERVING THEREFROM an easement over a strip of land 6.00 feet in width, the center line of which is more particularly described as follows:

Beginning at a point on the Southeasterly line of California Avenue (66 feet in width) distant thereon North 33° 36’20” East 3.00 feet from the Northernmost corner of that certain 5.479 acre tract of land described in the Memorandum of Lease executed by and between The Board of Trustees of the Leland Stanford Junior University; Lessor, and Beckman Instruments, Inc., Lessee, dated December 28, 1955, recorded January 11, 1956 in Book 3384 Official Records, page 14, Santa Clara County Records; thence from said point of beginning south 56° 31’ 35” East 1289.33 feet to a point in the Northwesterly line of Page Mill Road (60 feet in width) and the terminus of said easement, for purposes of constructing, laying, operating, maintaining, using, altering, repairing, inspecting, replacing and relocating therein and/or removing therefrom a main, or mains, pipeline, or pipelines, with any and all connections and fixtures necessary or convenient thereto for the transportation and distribution of water.

CONTAINING 13.486 acres, more or less, for a term of ninety-nine (99) years, commencing on the 28th day of December, 1955.

2. Rent.

(a) As gross initial rental for the term of this lease, Lessee has previously paid to Lessor the sum of One Hundred Nineteen Thousand Three Hundred Thirty-two and 62/100 Dollars ($119,332.62), receipt whereof is hereby acknowledged by Lessor. In addition to said initial rental, as a part of the consideration for this lease and as additional rent hereunder, Lessee covenants and agrees to bear, pay and discharge promptly to the appropriate governmental authority during the term of this lease as the same become due and before delinquency, (except as provided in paragraph 2(c) hereof), all taxes, assessments, rates, charges, license fees, municipal liens, levies, excises or imposts, whether general or special, or ordinary or extraordinary, of every name, nature and kind whatsoever which may be levied, assessed, charged or imposed upon (i) the land hereby leased or upon Lessor by reason of its ownership of the fee underlying this lease, (but not including any such tax, assessment, charge or other item as may be separately levied or assessed, as aforesaid, upon any right or interest of Lessor reserved under paragraph 19 hereof), (ii) all buildings and improvements constructed or placed upon the leased premises, or (iii) the leasehold of Lessee or any interest or estate of Lessee created by this lease.

(b) All of the aforesaid taxes, assessments, charges, imposts and levies of whatsoever nature which shall relate to a fiscal year during which this lease is executed or in which the term hereof shall terminate shall be pro-rated between Lessor and Lessee and Lessee shall pay only such portion of said taxes, assessments, charges, imposts and levies as shall relate to the portion of the fiscal year represented by the calendar period during which this lease shall be in effect.

(c) If Lessee desires to contest any tax, assessment, charge or other item to be paid by it as above provided, it shall notify Lessor of its intention so to do at least ten (10) days before delinquency thereof. In such case Lessee shall not be in default hereunder, and Lessor shall not pay such tax, assessment, charge or other item until five (5) days after the determination of the validity thereof, within which time Lessee shall pay and discharge such tax, assessment, charge or item to the extent held to be valid and all penalties, interest and costs in connection therewith; but the payment of any such tax, assessment, charge or other item, together with penalties, interest and costs, shall not in any case be delayed until sale is made of the whole or any part of the property hereby leased on account thereof and any such delay shall be a default by Lessee hereunder. In the event of any such contest, Lessee shall protect and indemnify Lessor against all loss, cost, expense and damage resulting therefrom and, upon notice from Lessor so to do, shall furnish Lessor a bond with good and sufficient corporate surety satisfactory to the Lessor in double the amount of the tax, assessment, charge or item contested, conditioned that Lessee shall pay such tax, assessment, charge or other item and all penalties and interest thereon and costs in connection therewith and shall protect and indemnify Lessor as above required.

(d) Lessee shall obtain and deliver to Lessor receipts or duplicate receipts for all taxes, assessments, charges and other items required to be paid by Lessee promptly upon the payment thereof.

(e) If at any time during the term of this lease any governmental subdivision shall undertake to create an improvement or special assessment district the proposed boundaries of which shall include the property leased hereunder, Lessee shall be entitled to appear in any proceeding relating thereto and to exercise all rights of a landowner to have the leased premises excluded from the proposed improvement or special assessment district or to determine the degree of benefit to the leased premises resulting therefrom. However, Lessor retains to itself an independent right, but shall be under no obligation, to appear in any such proceeding for the purpose of seeking inclusion of the leased premises in, or exclusion of the leased premises from, any proposed improvement or special assessment district or of determining the degree of benefit therefrom to the leased premises. The party receiving any notice or other information relating to the proposed creation of any improvement or special assessment district, the proposed boundaries of which include the property leased hereunder, shall promptly advise the other party in writing of such receipt If any tax, assessment, charge, levy or impost made against the leased premises to finance such a special improvement shall be payable in installments over a period of time extending beyond the term of this lease, Lessee shall only be required to pay such installments thereof as shall become due and payable during the term of this lease.

3. Use.

Lessee presently intends to use, and at any time during the term hereof may use, the leased premises, including buildings and improvements constructed thereon, to conduct, operate, and maintain some or all of the following: (i) general business, administrative, and professional activities; (ii) research, experimental, and engineering laboratories; (iii) manufacturing, processing, assembling, and storing of products and materials; and (iv) activities similar or related to those enumerated. In no event, however, shall the leased premises be used

a. for any purpose or use not at the time permitted by the then applicable zoning law or ordinances;

b. for any purpose or use now prohibited or not permitted in M-1 Districts, (Light Industrial Districts), under the present zoning ordinance of the City of Palo Alto, State of California, being Ordinance No. 1324 adopted February 19, 1951, or for any purpose or use permitted in such M-1 Districts only after securing a use permit or a variance or an exception;

c. for any of the following specific purposes:

(1) the manufacture, warehousing, commercial storing, sale or any other dealing in spirituous, vinous, malt or intoxicating or alcoholic beverages of any kind;

(2) theatres or places of amusement or entertainment, including, without limiting the generality of the foregoing, music or dance studios;

(3) sanitarium;

(4) mortuaries;

(5) keeping or raising of animals or fowl, except in reasonable numbers for laboratory experimental purposes;

nor shall the leased premises be used for any purpose or use nor shall any activity be carried on upon the leased premises.

d. which results in the emanation or giving off of offensive gas, smoke, fumes, dust, odors, waste products, noise or vibrations;

e. which in any manner causes, creates or results in a nuisance;

f. which is of a nature that it involves substantial hazard, such as the manufacture or use of explosives, chemicals or products that may explode and the like; provided that Lessee may use commercial gases and chemicals such as natural gas, hydrogen, acetylene, gasoline and the like in quantities and in the manner generally approved in industries not prohibited under the preceding subparagraphs of this paragraph 3.

It is expressly provided that so long as Lessee is not in default it may hold the leased premises, or any part thereof, vacant.

4. Construction of Improvements.

Lessee is hereby granted permission and agrees and covenants, at its own sole cost and expense, to construct upon the leased premises an industrial building and auxiliary structures and to develop the surrounding grounds in or substantially in accordance with general plans and specifications, dated September 27, 1955, and drawings listed in a schedule in said plans and specifications also dated September 27, 1955, with revisions dated November 25, 1955, which have been submitted to and bear the written approval of the Business Manager of Lessor. Lessee shall commence such construction within a reasonable time after the execution of this lease and diligently prosecute to completion such construction.

5. Additional Buildings and Improvements.

Lessee shall have the right after the construction of the improvements provided for in paragraph 4 hereof and during the term of this lease to construct additional buildings or improvements on the leased premises or to make alterations or additions to existing buildings and improvements, including adding a story thereto (but no building on the leased premises shall exceed thirty-five feet in height or have more than two stories above ground), provided, however, that if any project involves the construction of an additional building or structure or a material alteration of exterior design of any existing building or structure, Lessee shall in each such case first submit the general plans and specifications therefor to Lessor, and Lessor shall have thirty (30) days thereafter within which to notify Lessee in writing that it disapproves said plans and specifications because the proposed exterior construction or alteration or improvement is not deemed appropriate in design or engineering construction and if such notice is so given Lessee shall not proceed with construction until the objection of Lessor is remedied, but unless such notice of disapproval is so given, or if Lessor gives its earlier approval in writing of said plans and specifications, Lessee may proceed with construction. Lessor agrees that it shall not unreasonably withhold its approval hereunder.

6. Repairs, Governmental Regulations, Waste, Advertising.

(a) Lessee shall, during the term of this lease, at its own cost and expense, and without any costs or expense to Lessor,

(i) Keep and maintain all buildings and improvements which may be erected on the leased premises, and all appurtenances thereto, including the grounds, sidewalks and roads thereon, in good and neat order and repair and shall restore and rehabilitate any buildings or improvements which may be destroyed or damaged by fire, casualty or other cause, and shall allow no nuisances to exist or be maintained therein. Lessor shall not be obligated to make any repairs, replacements or renewals of any kind, nature or description whatsoever to the leased premises or any buildings or improvements thereon. Lessee hereby waives any right to make repairs, replacements or renewals at the expense of Lessor.

(ii) Comply and abide by all federal, state, county, municipal and other governmental statutes, ordinances, laws and regulations affecting the leased premises, the improvements thereon or any activity or condition on or in said premises.

(b) Lessee agrees that it will not commit or permit waste upon the leased premises other than to the extent necessary for the removal of any buildings or improvements upon said premises for the purpose of constructing and erecting other buildings and improvements thereon.

(c) Lessee agrees not to place any sign or advertisement upon the roof or exterior wall of any building or structure upon the leased premises or erect any advertising sign upon the grounds of the leased premises without having first obtained the consent in writing of Lessor, provided, however, that this restriction shall not be applicable to any sign of reasonable size placed upon a building or structure which only sets forth the name of Lessee and an appropriate legend identifying the particular building or structure. Lessor shall not unreasonably withhold any consent under the provisions of this subparagraph (c), but Lessee agrees that no neon sign and no flashing type sign will be permitted on the premises.

(d) In the event that during the term of this lease any buildings or improvements upon the leased premises shall be destroyed or suffer substantial damage, Lessee shall have the option, in lieu of reconstructing or repairing the buildings or improvements so destroyed or damaged as hereinabove provided to terminate this lease and surrender the leased premises to Lessor, together with the proceeds received from any insurance covering the buildings or improvements destroyed or damaged, provided, however, that if Lessee shall exercise the option herein granted, Lessee shall be obligated, at its sole expense, upon written request of Lessor, to remove completely any buildings or improvements from the leased premises and to restore the land as nearly as possible to the condition existing prior to the construction of such buildings or improvements, but in the event such removal is required, Lessee shall be entitled to pay the costs of such removal out of any proceeds received from insurance prior to remittance of proceeds to Lessor as herein provided. The option of termination herein granted shall be exercisable by notice in writing delivered to Lessor and shall become effective upon redelivery of the premises to Lessor. Notwithstanding any such termination, Lessee shall fully perform any obligation under this lease (except the obligation of reconstruction or repair) relating to an event occurring or circumstance existing prior to the date of redelivery of the premises to Lessor, including the payment of any taxes, assessments or charges which Lessee is obligated to pay under paragraph 2(a) hereof and which may be a lien upon the leased premises at the date of termination.

7. Public Utilities.

All water, gas, electricity or other public utilities used upon or furnished to the leased premises during the term hereof shall be paid for by Lessee.

8. Extensions of Time.

The time during which Lessee is actually and necessarily delayed in (a) commencing or completing the construction of the building described in paragraph 4 hereof, (b) in restoring any buildings or improvements, or (c) in making repairs by any of the following: Lack of required approval by Lessor, fire, earthquake, acts of God, the elements, war or civil disturbance, strikes or other labor disturbances, economic controls making it impossible to obtain in the normal and usual conduct of business the necessary labor or materials, or other matters or conditions beyond the control of Lessee, shall be excluded in determining the reasonable time for commencing or completing the work, as the case may be, but except for such delay, Lessee shall in all cases proceed promptly with the commencement of the work and shall diligently carry it to completion.

9. Mechanics' and Other Liens.

(a) Lessee covenants and agrees to keep all of the leased premises and every part thereof and all buildings and other improvements thereon free and clear of and from any and all mechanics', materialmen's and other liens for work or labor done, services performed, materials, appliances, teams or power contributed, used or furnished to be used in or about said premises for or in connection with any operations of the Lessee, any alteration, improvement or repairs or additions which Lessee may make or permit or cause to be made, or any work or construction, by, for or permitted by Lessee on or about the leased premises, and at all times promptly and fully to pay and discharge any and all claims upon which any such lien may or could be based, and to save and hold the Lessor and all of the leased premises and all buildings and improvements thereon free and harmless of and from any and all such liens and claims of liens and suits or other proceedings pertaining thereto. Lessee covenants and agrees to give Lessor written notice not less than ten (10) days in advance of the commencement of any construction, alteration, addition, improvement or repair costing in excess of Two Thousand Dollars ($2,000) in order that Lessor may post appropriate notices of Lessor's non-responsibility. Lessee further agrees that if so requested by Lessor it will obtain, at its sole expense, a corporate surety bond satisfactory to Lessor sufficient to protect the leased premises against any mechanics', materialmen's or other liens of the type hereinbefore described in this paragraph 9(a).

(b) If Lessee desires to contest any such lien, it shall notify Lessor of its intention so to do within ten (10) days after the filing of such lien. In such case Lessee shall not be in default hereunder, and Lessor shall not satisfy and discharge such lien, until five (5) days after the final determination of the validity thereof, when Lessee shall satisfy and discharge such lien to the extent held valid, but the satisfaction and discharge of any such lien shall not, in any case, be delayed until execution is had upon any judgment rendered thereon, and such delay shall be a default of Lessee hereunder. In the event of any such contest Lessee shall protect and indemnify Lessor against all loss, cost, expense and damage resulting therefrom and, upon receipt of notice so to do, shall furnish Lessor a corporate surety bond satisfactory to Lessor, in double the amount of the lien contested, conditioned that Lessee shall satisfy and discharge such lien and shall protect and indemnify Lessor as herein required.

(c) No mechanics' or materialmen's liens or mortgages, deeds of trust, or other liens of any character whatsoever created or suffered by Lessee shall in any way, or to any extent, affect the interest or rights of Lessor in any buildings or other improvements on the leased premises, or attach to or affect its title to or rights in said premises.

10. Liability.

Lessee convenants and agrees that (except as provided below in this paragraph 10) Lessor shall not at any time or to any extent whatsoever be liable, responsible, or in anywise accountable for any loss, injury, death or damage to persons or property which at any time may be suffered or sustained by Lessee or by any person whosoever may at any time be using or occupying or visiting the leased premises or be in, on or about the same, whether such loss, injury, death or damage shall be caused by or in anywise result from or arise out of any act, omission or negligence of Lessee or of any occupant, subtenant, visitor or user of any portion of the leased premises, or shall result from or be caused by any other matter or thing whether of the same kind as or of a different kind than the matters or things above set forth, and Lessee shall forever indemnity, defend, hold and save Lessor free and harmless from and against any and all claims, liability, loss or damage whatsoever on account of any such loss, injury, death or damage. Lessee (except as provided below in this paragraph 10) hereby waives all claims against Lessor for damages to the buildings and improvements that are hereafter placed or built upon the leased premises and to the property of Lessee in, upon or about the premises, and for injuries to persons

or property in or about the premises, from any cause arising at any time. The exceptions mentioned above in this paragraph 10 are that Lessee does not waive any claim or claims against Lessor for damages to the buildings or improvements hereafter placed or built upon the leased premises or to the property of Lessee in, upon or about the premises, or claim or claims for injuries to persons or property in or about the premises arising from or in any way connected with the exercise by Lessor, its grantees, assigns, lessees, agents or employees or by any other person of any of the rights reserved by Lessor under the provisions of paragraph 19 hereof.

11. Insurance

(a) Fire, Extended Coverage and War Damage

(1) Lessee shall, at its sole expense, obtain and keep in force during the term hereof fire and extended coverage insurance on all buildings and improvements that are hereafter placed or built upon the leased premises. The amount of such insurance shall be not less than ninety per cent (90%) of the full insurable value of said buildings and improvements. Lessee hereby waives as against Lessor any and all claims and demands, of whatsoever nature, for damages, loss or injury to the buildings and improvements that are hereafter placed or built upon the leased premises and to the property of Lessee in, upon or about the premises which shall be caused by or result from fire and/or other perils, events or happenings which are within the coverage of such extended coverage insurance. Lessee further agrees that each such policy of fire and extended coverage insurance and all other policies of

insurance on the leased premises and/or on the property of Lessee in, upon or about the leased premises, including, without in any way limiting the generality of the foregoing, business interruption insurance, which shall be obtained by Lessee, whether required by the provisions of this lease or not, shall be made expressly subject to the provisions of this paragraph 11(a) and that Lessee's insurers hereunder shall waive any right of subrogation against Lessor.

(2) If during the term of this lease the United States shall make available at reasonable cost insurance against war or invasion damage, Lessee shall, during the period such insurance is available, at its sole expense, cause all buildings and improvements upon the leased premises to be insured against such war and invasion damage in the amount of the full insurable value thereof. Such insurance shall be conclusively deemed to be available at a reasonable cost within the meaning of the preceding sentence if the rate for the same shall not be in excess of the prevailing stock company rate for fire insurance on such buildings and improvements.

(3) The said "full insurable value" shall be determined at the time the fire and extended coverage insurance is initially taken out and Lessee shall promptly notify Lessor in writing of such determination, provided that Lessor may at any time, by written notice to Lessee, require the full insurable value of said buildings and improvements to be redetermined, whereupon such redetermination shall be made promptly and Lessee shall promptly notify Lessor in writing of the results of such redetermination.

(b) Business Interruption.

If Lessee so desires it may, at its sole expense, obtain and keep in force such business interruption insurance as it considers appropriate and Lessee shall be under no obligation to remit to Lessor the proceeds of any business interruption insurance relating to the leased premises.

(c) Other Insurance.

During the term of this lease Lessee shall procure and maintain in full force and effect bodily injury liability insurance, with limits of not less than Five Hundred Thousand Dollars ($500,000) per person and One Million Dollars ($1,000,000) per occurrence insuring against any and all liability of Lessee with respect to said premises or arising out of the maintenance, use or occupancy thereof and, if so requested in writing by Lessor, Lessee agrees also to procure and maintain property damage liability insurance with a limit of not less than One Hundred Thousand Dollars ($100,000) per accident; such bodily injury liability insurance and such property damage liability insurance, if procured as aforesaid, shall specifically insure the performance by Lessee of the indemnity agreement as to liability for injury to or death of persons and injury or damage to property in paragraph 10 contained. Lessee shall also procure and maintain in full force and effect insurance on all boilers and other pressure vessels, whether fired or unfired, located in the leased premises in the sum of not less than One Hundred Thousand

Dollars ($100,000). In the even that either party shall at any time deem the limits of any of said insurance then carried to be either excessive or insufficient, the parties shall endeavor to agree upon the proper and reasonable limits for such insurance then to be carried and such insurance shall thereafter be carried with the limits thus agreed upon until further change pursuant to the provisions of this subparagraph, but, if the parties shall be unable to agree thereon, the proper and reasonable limits for such insurance then to be carried shall be determined by an impartial third person selected by the parties or, should they be unable to agree upon a selection, by an impartial third person chosen by a Judge of the Superior Court of the County of Santa Clara upon application by either party made after five (5) days' written notice to the other party of the time and place of such application, and the decision of such impartial third person as to the proper and reasonable maximum limits for such insurance then to be carried shall be binding upon the parties and such insurance shall be carried with the maximum limits as thus determined until such limits shall again be changed pursuant to the provisions of this subparagraph. The expenses of such determination shall be borne equally between Lessor and Lessee.

(d) Policy Form.

All of the insurance provided for under this paragraph 11 and all renewals thereof and the mechanics' lien bond provided for in paragraph 9 hereof shall be issued by such responsible companies or underwriters as are approved by Lessor. The mechanics' lien bond required under paragraph 9 hereof shall be payable to Lessor, and the bodily injury liability insurance, property damage liability and boiler insurance under paragraph 11 shall be carried in the joint names of Lessor and Lessee. The policies of insurance provided for in paragraph 11(a) hereof shall be payable to Lessor and Lessee as their interests may appear and any loss

adjustment shall require the written consent of both Lessor and Lessee, but subject to the provisions of paragraph 6(d) hereof, all sums received by Lessor and Lessee or either of them, under such policies shall be applied to the payment of the cost of restoring and rehabilitating buildings or improvements which may be destroyed or damaged by fire, casualty or other cause, as provided in paragraph 6(a)(i) hereof, and Lessor and Lessee agree to perform such acts as may be necessary or convenient to make such sums available for such purposes. All policies provided for in paragraph 11 hereof shall be subject to Lessor's approval as to form and substance and, except for policies of boiler insurance provided for in paragraph 11(c) hereof, shall expressly provide that the policy shall not be cancelled or altered without thirty (30) days' prior written notice to Lessor. All policies of boiler insurance provided for in paragraph 11(c) hereof shall expressly provide that the same shall not be altered without thirty (30) days' prior written notice to Lessor, provided, however, that no such notice shall be required with respect to additions to or deletions from such coverage of boilers or other pressure vessels which are newly acquired or placed in service or disposed of or otherwise removed from service; all such policies shall further provide that upon cancellation or suspension of any such policy as to all or any of the boilers or other pressure vessels covered by such policy, the insurance carrier shall give immediate written notice thereof to Lessor. Following any such cancellation or suspension, Lessee shall not make further use of the boiler or vessel to which such cancellation or suspension shall relate until such time as the insurance carrier shall have given written notice to Lessor that such insurance has been fully reinstated. Upon the issuance thereof, each policy of insurance herein provided for, or a duplicate or certificate thereof, shall be delivered to Lessor for retention by it.

12. Assignment - Successors and Assigns.

(a) Voluntary Assignments.

Lessee agrees not to sublet the whole or any part of the leased premises or to sell, assign, or transfer this lease or any part or portion of the term hereby created, without having first obtained the consent in writing of Lessor, which consent Lessor agrees shall not be unreasonably withheld. Lessor agrees that it will consent to the assignment of the entire interest of Lessee in this lease and in the term hereby created to a corporation which in the judgment of Lessor to be exercised in good faith is financially sound and responsible, provided such corporation in writing assumes the duties, obligations, and liabilities imposed by this lease; and Lessor agrees that, concurrently with the making of such assignment, it will in writing release Lessee from all duties, obligations and liabilities imposed by this lease, except such duties, obligations and liabilities as relate to an event occurring or circumstance existing prior to the making of such assignment, and Lessee agrees that it will fully perform such latter duties, obligations and liabilities. Lessor agrees, further, that it will consent to the assignment of the entire interest of Lessee in this lease and in the term hereby created to an assignee proposed by Lessee or to the subletting of the whole or any part of the leased premises to a sublessee proposed by Lessee, provided that such assignee or sublessee, as the case may be, in writing assumes the duties, obligations and liabilities imposed by this lease and provided, further, that Lessee concurrently agrees in writing that such assignment or subletting shall not release Lessee from performance of the duties, obligations and liabilities imposed by this lease. In the event consent is given by Lessor to any such assignment or subletting, as in this paragraph 12(a) provided, no subsequent similar transaction shall be entered into without again obtaining the written consent of Lessor thereto.

(b) Successors and Assigns.

Subject to the foregoing provisions of this paragraph 12, this lease shall be binding upon and shall inure to the benefit of and shall apply to the respective successors and assigns of Lessor and Lessee, and all references in this lease to “Lessee” shall be deemed to refer to and include successors and assigns of Lessee without specific mention of such successors or assigns.

13. Performance by Lessor.

In the event that Lessee shall fail or neglect to do so or perform any act or thing herein provided by it to be done or performed and such failure shall continue for a period of thirty (30) days after written notice from Lessor specifying the nature of the act or thing to be done or performed, then Lessor may, but shall not be required to, do or perform or cause to be done or performed such act or thing (entering upon the leased premises for such purposes, if Lessor shall so elect), and Lessor shall not be or be held liable or in any way responsible for any loss, inconvenience, annoyance or damage resulting to Lessee on account thereof, and Lessee shall repay to Lessor upon demand the entire cost and expense thereof, including compensation to the agents and servants of Lessor. Any act or thing done by Lessor pursuant to the provisions of this paragraph shall not be or be construed as a waiver of any such default by Lessee, or as a waiver of any covenant, term or condition herein contained or of the performance thereof. All amounts payable by Lessee to Lessor under any of the provisions of this lease, if not paid when the same become due as in this lease provided, shall bear interest from the date the same become due until paid at the rate of six per cent (6%) per annum, compounded annually.

14. Waiver

Lessee further convenants and agrees that if Lessor fails or neglects for any reason to take advantage of any of the terms hereof providing for the termination of this lease or for the termination or forfeiture of the estate hereby demised, or if Lessor, having the right to declare this lease terminated or the estate hereby demised terminated or forfeited, shall fail so to do, any such failure or neglect of Lessor shall not be or be deemed or be construed to be a waiver of any cause for the termination of this lease or for the termination or forfeiture of the estate hereby demised subsequently arising, or as a waiver of any of the covenants, terms or conditions of this lease or of the performance thereof; and that none of the covenants, terms or conditions of this lease can be waived except by the written consent of Lessor.

15. Termination for a Default.

In the event that Lessee shall fail or neglect to observe, keep or perform any of the covenants, terms or conditions herein contained on its part to be observed, kept or performed and such default shall continue for a period of one hundred twenty (120) days after written notice from Lessor setting forth the nature of Lessee's default, then and in any such event, Lessor shall have the right at its option, upon written notice to Lessee, forthwith to terminate this lease and all rights of Lessee hereunder shall thereupon cease and Lessor without further notice to Lessee shall have the right immediately to enter into and upon the leased premises and take possession thereof with or without process of law and to remove all personal property from the leased premises and all persons occupying the said premises and to use all necessary force therefor and in all respects to take actual, full and exclusive possession of the leased premises and every part thereof as of Lessor's original estate, without incurring any liability to Lessee or to any persons occupying or using the leased premises for any damage caused or sustained by reason of such entry upon the leased premises or such removal of such persons or property therefrom; and Lessee hereby covenants and agrees to indemnify and save harmless Lessor from all cost, loss or damage whatsoever arising or occasioned thereby.

16. Inspection of Premises.

Lessor shall be entitled, at all reasonable times, to go upon and into the leased premises for the purpose of inspecting the same, or for the purpose of inspecting the performance by Lessee of the terms and conditions of this lease, or for the purpose of posting and keeping posted thereon notices of non-responsibility for any construction, alteration or repair thereof, as required or permitted by any law or ordinance, and during the last two (2) years of the term hereof for the purpose of exhibiting the said property to prospective lessees thereof. Lessor shall be represented by a person having necessary security clearance to meet governmental regulations if then applicable to the operations of Lessee.

17. Delivery of Possession of Premises.

Lessor agrees to deliver possession of the leased premises to Lessee upon the effective date of this lease and, if said premises are at such date occupied by any person, whether under claim of right emanating from Lessor or otherwise, Lessor shall at its sole cost and expense remove any such person from the leased premises.

18. Covenants of Parties.

Lessor covenants and agrees to keep and perform all the terms and conditions hereof on its part to be kept and performed, and that Lessee, paying the rent in the amount, at the times and in the manner herein provided and keeping and performing all the terms and conditions hereof on its part to be kept and performed, may, subject to the terms and conditions hereof, have and enjoy the quiet and peaceful possession of the leased premises for the term hereof, without let or hindrance by Lessor or by any person whomsoever lawfully claiming title to the premises under or through Lessor.

Lessee covenants and agrees to pay the rent and all other sums required to be paid by Lessee hereunder in the amounts, at the times, and in the manner herein provided and to keep and perform all the terms and conditions hereof on its part to be kept and performed, and, at the expiration or sooner termination of this lease, peaceably and quietly to quit and surrender to Lessor the property hereby leased in good order and condition subject to the other provisions of this lease. The performance of each and every covenant of Lessee hereunder shall be a condition for non-performance of which this lease may be terminated, as in this lease provided.

19. Rights Reserved by Lessor.

Lessor expressly reserves all rights in and with respect to the land hereby leased not inconsistent with Lessee's use of the leased premises as in this lease provided, including (without in anywise limiting the generality of the foregoing) the right of Lessor to enter upon the leased premises for the purposes of installing, using, maintaining, renewing and replacing such underground water, oil, gas, steam, sewer and other pipe lines and telephone, electric, power and other lines and conduits as Lessor may deem desirable in connection with the development or use of any other property in the neighborhood of the land hereby leased, whether owned by Lessor or not, all of which pipe lines, lines and conduits shall be buried to a sufficient depth so as not to interfere with the use or stability of said building or any other building or improvement on the land hereby leased, and the sole and exclusive right to enter upon the subsurface of the leased premises and mine or otherwise produce or extract by any means whatsoever, whether by slant

drilling or otherwise, oil, gas, hydrocarbons and other minerals (of whatsoever character) in or under or from the land hereby leased, such mining, production or extraction to be for the sole benefit of Lessor without obligation to pay Lessee for any or all of the substances so mined, produced or extracted; provided, however, that no well or other excavation extending under the leased premises shall have surface location less than 500 feet from the nearest boundary of the leased premises; and provided, further, that all operations for such mining, production, or extraction shall be conducted at such depth (not less than 500 feet) beneath the surface of the land hereby leased as not to interfere with the use or stability of buildings or improvements on the land hereby leased, or with Lessee's use of the leased premises. Lessor shall indemnify and reimburse Lessee for any loss or damage incurred or sustained by Lessee as a result of, or arising out of, or in any way connected with, such mining, production, or extraction.

20. Attorney's Fees.

If any action at law or in equity shall be brought to recover any rent under this lease, or for or on account of any breach of or to enforce or interpret any of the covenants, terms or conditions of this lease, or for the recovery of the possession of the leased premises, the prevailing party shall be entitled to recover from the other party as a part of prevailing party's costs a reasonable attorney's fee, the amount of which shall be fixed by the court and shall be made a part of any judgment rendered.

21. Ownership of Buildings.

All buildings and improvements hereafter situated upon the land hereby leased shall be and become a part of the leased premises, and Lessee shall have only a leasehold interest therein, subject to all the terms and conditions of this lease. But whenever Lessee shall repair, reconstruct, alter or rebuild or restore any buildings or improvement, as in this lease required or permitted, the material and salvage therefrom may be used or sold by Lessee, and such material or the proceeds from the sale thereof may be used in the construction, repair, reconstruction or alteration of a building or improvement upon the land hereby leased without payment therefor to Lessor.

22. Lessee's Fixtures.

Lessee, at any time when Lessee is not in default hereunder may, and upon termination of this lease if so requested in writing by Lessor shall, remove from the leased premises any fixtures or equipment installed therein by Lessee, whether or not such fixtures are fastened to the buildings or other improvements located upon the leased premises and regardless of the manner in which they are so fastened; provided, however, that under no circumstances shall any fixtures be removed without Lessor's written consent if the removal thereof would result in materially impairing the structural strength of any building or improvement upon the leased premises. Lessee shall fully repair any damage occasioned by the removal of any such fixtures and shall leave the buildings or improvements in a good, clean and neat condition.

23. Time of the Essence.

Time is hereby expressly declared to be of the essence of this lease and of each and every covenant, term, condition and provision hereof.

24. Notices, etc.

All notices, demands or other writings in this lease provided to be given or made or sent, or which may be given or made or sent, by either party hereto to the other, shall be deemed to have been fully given or made or sent when made in writing and deposited in the Untied States mail in any post office in the State of California, certified or registered and postage prepaid, and addressed as follows:

To Lessor: The Board of Trustees of the
Leland Stanford Junior University
c/o Stanford Management Company
2770 Sand Hill Road
Menlo Park, California 94025
Attention: Research Park Manager

To Lessee: Beckman Coulter Inc.
4300 N. Harbor Boulevard
Fullerton, California 92834-3100
Attention: Office of the General Counsel

The address to which any notice, demand or other writing may be given or made or sent to any party may be changed upon written notice given by such party as above provided.

25. Paragraph Headings.

Paragraph headings in this lease are for convenience only and are not to be construed as a part of this lease or in any way limiting or amplifying the provisions hereof.

26. Remedies Cumulative.

All remedies hereinbefore and hereafter conferred upon the Lessor shall be deemed cumulative and no one exclusive of the other, or any other remedy conferred by law.

27. Lease Construed as a Whole.

The language in all parts of this lease shall in all cases be construed as a whole according to its fair meaning and not strictly for nor against either the Lessor or the Lessee.

28. Effect on Original Lease.

This Lease is intended to constitute a continuation of the Original Lease with respect to the herein described property and supersedes and replaces the Original Lease in all respects.

29. Counterparts.

This Lease may be executed in any number of counterparts and each of the counterparts shall be considered an original and all counterparts shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this instrument by proper persons thereunto duly authorized as of the day and year hereinabove written.

THE BOARD OF TRUSTEES OF THE LELAND STANFORD JUNIOR UNIVERSITY

By Stanford Management Company

By /s/ Curtis F. Feeny
Curtis F. Feeny
Its Executive Vice President, Real Estate

(SEAL)
LESSOR

BECKMAN COULTER, INC.

By /s/ William H. May
Its Vice President, General Counsel & Secretary

(SEAL)
LESSEE

Building 4

EXHIBIT A

SITE PLAN

EXHIBIT B

WORK LETTER

THIS TENANT WORK LETTER ("**Work Letter**") sets forth the agreement of Landlord and Tenant with respect to the improvements to be constructed in the Leased Premises, as defined in the Lease to which this Work Letter is attached as an exhibit. In the event of any inconsistency between the terms of this Work Letter and the terms of the Lease, the terms of the Lease shall control. All defined terms used herein shall have the meanings set forth in the Lease, unless otherwise defined in this Work Letter.

1. Base Building Work.

(a) **Approved Base Building Construction Documents**. Landlord, at Landlord's sole cost and expense, shall perform the base building work ("**Base Building Work**") required for the shell and core of a new office building containing approximately 72,812 rentable square feet of space. The description of the Base Building Work is set forth on **Exhibit A**. Landlord shall construct the Base Building Work substantially in accordance with the construction drawings and specifications therefor which have been developed by Landlord and approved by the City of Palo Alto, copies of which were delivered to Tenant via email dated January 9, 2020 from Jason Chow in Landlord's office to Cindy Ressi in Tenant's office), as revised (if applicable) pursuant to the balance of this Paragraph 1(a) (the "**Approved Base Building Construction Documents**"). Landlord may make changes to the Approved Base Building Construction Documents that are required: (i) by any governmental authority, including, without limitation, any changes required in order to obtain the building or other permits for the Base Building Work and/or in order to achieve the Required Delivery Condition; or (ii) to address changes in field conditions arising during construction; provided, however, that any such changes made by Landlord hereunder shall not materially and adversely impact Tenant's ability to access or use the Leased Premises for the Permitted Use, result in a material change in the appearance, layout, quality or configuration of the Base Building Work or materially increase Tenant's cost to maintain and repair the Leased Premises, result in a delay in the schedule to complete the Base Building Work or to achieve substantial completion of the Tenant Improvements, materially adversely affect the visibility of Tenant's signage on Building 4, or result in a material increase in the cost to construct the Tenant Improvements.

(b) **Required Delivery Condition.** Landlord's contractor will cause the Base Building Work to be constructed and delivered to Tenant in the Required Delivery Condition by July 1, 2020, subject to the Delivery Grace Period and Excusable Delays. Landlord shall be deemed to have achieved the "**Required Delivery Condition**" for the Base Building Work when (i) such Base Building Work has been substantially completed in accordance with the Approved Base Building Construction Documents, which shall be evidenced by an inspection or its equivalent by the appropriate governmental authority, including issuance of a temporary certificate of occupancy for the building shell, if applicable, or any final "sign-off" by all required governmental authorities, to the extent any of the foregoing are obtainable or achievable prior to Tenant's completion of any Tenant Improvements that Tenant has not yet at such time completed, it being acknowledged that a certificate of occupancy cannot be obtained until substantial completion of the Tenant Improvements, (ii) the only items of the Base Building Work within Building 4 remaining to be completed by Landlord are those that can be completed within sixty (60) days (unless completion is dependent upon Tenant completing portions of the Tenant Improvements) and do not materially affect Tenant's ability to complete the Tenant Improvements, (iii) Landlord's architect has certified that the Base Building Work has been substantially completed in accordance with the Approved Base Building Construction Documents therefor, (iv) all utilities included in the Base Building Work have been installed in accordance with the Approved Base Building Construction Documents, to the extent they could be installed prior to Tenant's completion of any Tenant Improvements that Tenant has

not yet at such time completed, and (iv) all known incomplete or defective construction in the Base Building Work which would materially interfere with or impede construction and installation of the Tenant Improvements has been remedied and repaired. If achievement of the Required Delivery Condition is delayed due to Tenant Delay, then the Required Delivery Condition shall be deemed to have been achieved as of the date that the Required Delivery Condition would have been achieved but for such Tenant Delay.

2. **Tenant Improvements**. Tenant shall construct, furnish or install all improvements, equipment or fixtures, that are necessary for Tenant's use and occupancy of the Leased Premises (collectively, the "**Tenant Improvements**"). Tenant shall complete construction of the Tenant Improvements for the Leased Premises. Tenant will engage a consultant reasonably approved by Landlord to manage the design and construction of the Tenant Improvements ("**Tenant Improvement Project Manager**"). Tenant shall cause all drawings and specifications for the Tenant Improvements to be prepared by an architect selected by Tenant and reasonably approved by Landlord ("**Tenant Improvement Architect**") and to be constructed by a general contractor licensed in California, selected by Tenant, and reasonably approved by Landlord ("**Tenant Improvement Contractor**"). Landlord's prior written consent, which shall not be unreasonably withheld, conditioned or delayed, shall be required if Tenant desires to change its Tenant Improvement Architect, Tenant Improvement Contractor or Tenant Improvement Project Manager. Tenant shall furnish to Landlord a copy of the executed contracts between Tenant and Tenant Improvement Architect, and Tenant and Tenant Improvement Contractor, covering all of Tenant's obligations under this Work Letter.

Tenant shall utilize good faith efforts to cause the Tenant Improvements to comply with all of the following: (a) any water-using fixtures that Tenant installs must meet the following requirements: (i) water closets: 1.28 gpf, (ii) urinal: 0.125 gpf, (iii) lavatory faucet: metered faucet 0.5 gpm on 12 second cycle or 0.1 gpc, (iv) kitchen / break-room faucet: 1.25gpm max, and (e) showerhead: must not exceed 1.5 gpm; (b) Tenant-provided supplemental cooling equipment, if any, must not use CFC-based refrigerants and must minimize or eliminate the emission of compounds that contribute to ozone depletion and climate change, in accordance with the requirements of LEED credit EAc4 Enhanced Refrigerant Management; (c) any additional air handling units installed as part of Tenant's scope must employ MERV 13 filters; (d) any rooms built by Tenant that house chemicals (including janitorial closets) must have deck-to-deck partitions, return air ducts directly vented to the outside and not recirculated, be negatively pressurized and have doors on self-closers; (e) Tenant must use or replace 10' walk-off mats at every regularly used entrance/exit at the end of the core-and-shell construction; (f) Tenant's actual space plan must comply with the requirements for EQc2, Increased Ventilation, which require that breathing-zone outdoor air ventilation rates for occupied spaces exceed ASHRAE 62.1-2007 by 30%; (g) Tenant shall install CO2 monitors within all densely occupied spaces (those with a design occupant density of 25 people or more per 1,000 square feet). CO2 monitors must be installed between 3 to 6 feet above the floor. Tenant shall configure CO2 monitors to generate an alarm when the CO2 levels vary by 10% or more from the design values via a building management system alarm to the building engineer; (h) Tenant's lighting power density for installed and permanently wired light fixtures and associated lamps and bulbs shall have a weighted average that shall not exceed the 0.65 W/rsf; (i) if Tenant selects and holds the contract for the janitorial services for its space, Tenant shall hire a janitorial company that can meet the requirements of LEED-Existing Buildings Operations and Maintenance (LEED-EBOM) v2009 credits EQp3 and EQc3.1, which requires the use of green cleaning chemicals, products and equipment; (j) if Tenant selects and holds the contract for the pest management services for its space and buildings, Tenant shall hire a pest management company that can meet the requirements of LEED-Existing Buildings Operations and Maintenance (LEED-EBOM) v2009 credits EQc3.6, Integrated Pest Management, which requires the use of notification protocols and least toxic pest control methods.

The Tenant Improvements shall be in conformity with drawings and specifications submitted to and approved by Landlord, which approval shall not be unreasonably withheld or delayed, and shall be performed in accordance with the following provisions:

Tenant Improvement Space Plans: Tenant shall prepare and submit to Landlord for its approval Tenant Improvement space plans (the "**Tenant Improvement Space Plans**"). Within ten (10) business days after receipt of Tenant's drawings Landlord shall return one set of prints thereof with Landlord's approval and/or suggested modifications noted thereon. If Landlord has approved Tenant's drawings subject to modifications, such modifications shall be deemed to be acceptable to and approved by Tenant unless Tenant shall prepare and resubmit revised drawings for further consideration by Landlord. If Landlord has suggested modifications without approving Tenant's drawings Tenant shall prepare and resubmit revised drawings within ten (10) business days for consideration by Landlord. All revised drawings shall be submitted, with changes highlighted, to Landlord within ten (10) business days following Landlord's return to Tenant of the drawings originally submitted, and Landlord shall approve or disapprove such revised drawings within ten (10) business days following receipt of the same. Landlord shall be provided with a copy of Tenant's preliminary floor plan and associated CAD files as a condition to receiving reimbursement.

Tenant Improvement Design Development Plans: Tenant shall prepare and submit to Landlord for its approval Tenant Improvement design development plans ("**Tenant Improvement Design Development Plans**"). Within ten (10) business days after receipt of Tenant's drawings Landlord shall return one set of prints thereof with Landlord's approval and/or suggested modifications noted thereon. If Landlord has approved Tenant's drawings subject to modifications, such modifications shall be deemed to be acceptable to and approved by Tenant unless Tenant shall prepare and resubmit revised drawings for further consideration by Landlord. If Landlord has suggested modifications without approving Tenant's drawings Tenant shall prepare and resubmit revised drawings within ten (10) business days for consideration by Landlord. All revised drawings shall be submitted, with changes highlighted, to Landlord within ten (10) business days following Landlord's return to Tenant of the drawings originally submitted, and Landlord shall approve or disapprove such revised drawings within ten (10) business days following receipt of the same.

Tenant Improvement Working Drawings: Tenant shall prepare and submit to Landlord for its approval Tenant Improvement working drawings ("**Tenant Improvement Working Drawings**") including mechanical, electrical, and plumbing plans ("**MEP**"). Within ten (10) business days after receipt of Tenant's drawings Landlord shall return one set of prints thereof with Landlord's approval and/or suggested modifications noted thereon. If Landlord has approved Tenant's drawings subject to modifications, such modifications shall be deemed to be acceptable to and approved by Tenant unless Tenant shall prepare and resubmit revised drawings for further consideration by Landlord. If Landlord has suggested modifications without approving Tenant's drawings Tenant shall prepare and resubmit revised drawings within fifteen (15) business days for consideration by Landlord. All revised drawings shall be submitted, with changes highlighted, to Landlord within fifteen (15) business days following Landlord's return to Tenant of the drawings originally submitted, and Landlord shall approve or disapprove such revised drawings within ten (10) business days following receipt of the same.

Final Tenant Improvement Plans: Tenant shall submit the approved Tenant Improvement Working Drawings to the Palo Alto Building Department for a Tenant Improvement building permit prior to the commencement of such work. The Tenant Improvement Working Drawings as modified by the City of Palo Alto are defined herein as the "**Final Tenant Improvement Plans**." Prior to commencing construction, Tenant shall deliver to Landlord a copy of the City of Palo Alto building permit for the Final Tenant Improvement Plans.

To the extent any of Landlord's responses to Tenant's submittals are delayed beyond the time frames set forth above, each day a response is so delayed shall be taken into account in the definition of "**Landlord Delay**" in Paragraph 6 below.

Any material changes to the Final Tenant Improvement Plans shall be subject to Landlord's prior written approval, which shall not be unreasonably withheld. Within ten (10) business days after receipt of Tenant's request for a material change to the Final Tenant Improvement Plans accompanied by revised drawings with sufficient detail, Landlord shall approve such request in writing and/or suggest modifications thereto. If Landlord does not respond within such ten (10) business day period, each day a response is so delayed shall be taken into account in the definition of "**Landlord Delay**" in Paragraph 6 below. Any material deviation in construction from the design specifications and criteria set forth in the Final Tenant Improvement Plans, other than as approved in writing by Landlord (such approval not to be unreasonably withheld or delayed), shall constitute a default for which Landlord may, within ten (10) business days after giving written notice to Tenant, elect to exercise the remedies available in the event of default under the provisions of this Lease, unless such default is cured within such ten (10) business day period, or, if the cure reasonably requires more than ten (10) business days, unless such default is cured as soon as reasonably practicable but in no event later than sixty (60) days after Landlord's notice to Tenant. Only new materials shall be used in the construction of the Tenant Improvements, except with the written consent of Landlord, which shall not be unreasonably withheld, conditioned or delayed.

Tenant acknowledges that it will engage the Tenant Improvement Architect, the Tenant Improvement Project Manager, and the Tenant Improvement Contractor, and shall be responsible for the actions and omissions of its architects, engineers, contractors, and project/construction managers arising solely with respect to the Tenant Improvements and for any loss, liability, claim, cost, damage or expense suffered by Landlord or any other entity or person as a result of the acts or omissions of its architect, engineers or project/construction managers arising solely with respect to the Tenant Improvement. For clarification, if Tenant retains Landlord's Contractor or any other party which Landlord also retains for Base Building Work, Tenant shall not be responsible such contractor's or other party's actions or omissions with respect to or arising from its performance of Base Building Work and/or any loss, liability, claim, cost, damage or expense suffered by Landlord or any other entity or person as a result of the acts or omissions of such contractor or other party. Landlord's approval of any of Tenant's architects, engineers or project/construction managers and of any documents prepared by any of them shall not be for the benefit of Tenant or any third party, and Landlord shall have no duty to Tenant or to any third parties for the actions or omissions of Tenant's architects, engineers or project/construction managers except with respect to or arising from Base Building Work if Landlord has retained Tenant's architects, engineers or project/construction managers with respect thereto. Tenant shall indemnify and hold harmless Landlord from and against any and all losses, costs, damages, claims and liabilities arising solely from the actions or omissions of Tenant's architects, engineers and project/construction managers with respect to the Tenant Improvements only. Notwithstanding anything herein to the contrary, Tenant shall have no obligation to pay any administrative, coordination or supervision fees to Landlord with respect to the Tenant Improvements.

The Tenant Improvements shall be constructed by Tenant Improvement Contractor in accordance with the Final Tenant Improvement Plans, in compliance with all of the terms and conditions of this Work Letter and the Lease, and with all applicable Laws and Restrictions. The Tenant Improvement Contractor shall obtain a builder's risk policy of insurance in an amount and form and issued by a carrier reasonably satisfactory to Landlord, and its subcontractors shall carry worker's compensation insurance for their employees as required by law. The builder's risk policy of insurance shall name Landlord as an additional insured and shall not be cancelable without at least thirty (30) days' prior written notice to Landlord.

Tenant shall notify Landlord of its intention to commence construction ten (10) days prior to commencement and shall again notify Landlord of actual commencement within one (1) business day thereafter. Landlord shall have the right to post in a conspicuous location on the Building or the Leased Premises, as well as record with the County of Santa Clara, a Notice of Nonresponsibility. Tenant shall provide Landlord with a copy of the City of Palo Alto building permit allowing for the construction of the Final Tenant Improvement Plans prior to commencement of construction of the Tenant Improvements.

Tenant shall, and shall cause Tenant's Project Manager to, use commercially reasonable efforts to cause construction of the Final Tenant Improvement Plans to be performed in as efficient a manner as is commercially reasonable. All work to be performed inside or outside of the Building shall be coordinated with Landlord. Tenant and the Tenant Improvement Contractor shall conduct their work and employ labor in such manner as to maintain harmonious labor relations.

Tenant, at Tenant's sole cost and expense, shall clear debris resulting from the Tenant Improvement construction as necessary so as not to interfere with the construction of the Base Building Work, and Landlord, at Landlord's sole cost and expense, shall clear debris resulting from the Base Building Work construction as necessary so as not to interfere with the construction of the Tenant Improvements. No trash, or other debris, or other waste may be deposited at any time outside the Building except in containers reasonably approved by Landlord. If so, Landlord may, after written notice to Tenant, remove trash or debris deposited by Tenant at Tenant's expense, which expense shall equal the reasonable, out-of-pocket cost of removal. Storage of Tenant Improvement construction materials, tools and equipment shall be coordinated with Landlord's Contractor. Tenant shall reimburse Landlord within thirty (30) days of written demand (including reasonable backup documentation) for the cost of repairing any damage to the Building caused by Tenant Improvement Contractor and its subcontractors resulting from the construction of the Tenant Improvements. Upon completion of the Base Building Work, Landlord shall cause the Building and the Common Areas to be clean and free from construction debris resulting from Base Building Work. Upon completion of the Tenant Improvements, Tenant shall cause the Building and the Common Areas to be clean and free from construction debris resulting from Tenant's Tenant Improvement construction.

After completion of the Tenant Improvements, Tenant shall submit to Landlord a Certificate of Substantial Completion, AIA Document G704, by its Tenant Improvement Architect for the Final Tenant Improvement Plans, a copy of all final inspection cards for the Tenant Improvements signed by the appropriate City of Palo Alto inspector and the Temporary Certificate of Occupancy from the City of Palo Alto.

Tenant shall submit to Landlord two CDs containing copies of all Tenant Improvement as-built plans and specifications, warranties, and operating manuals covering all of the work in the Final Tenant Improvement Plans.

Any minor work required for Tenant's occupancy of the Leased Premises but not included in the Final Tenant Improvement Plans such as the procurement and installation of furniture, fixtures, equipment, interior artwork and signage, shall not require Landlord approval but shall be installed in a good and workmanlike manner by Tenant.

3. Project Costs. The costs and expenses of the development and construction of the Base Building Work and the Tenant Improvements ("**Project Costs**") shall be paid in accordance with this Paragraph 3.

(a) Base Building Work. The costs and expenses of the development and construction of the Base Building Work shall be paid by Landlord.

(b) Tenant Improvements. Unless specified otherwise herein, Tenant shall bear and pay the cost of the Tenant Improvements (which cost shall include, without limitation, the costs of construction as provided for in the Tenant Improvement Contractor's contract, the cost of permits, and all architectural, design, space planning, and engineering services obtained by Tenant in connection with Tenant Improvements); provided that so long as Tenant is not in monetary or material non-monetary default under the Lease, Landlord shall contribute a maximum of $145 per rentable square foot, for an aggregate maximum of $10,557,740 (the "**Tenant Improvement Allowance**"). For the avoidance of confusion, the foregoing shall not be read to prevent Tenant from curing the applicable default and once the default is cured (if such cure is completed within the applicable cure period, if any, expressly set forth in this Lease), Landlord shall be obligated to make the applicable contribution from the Tenant Improvement Allowance. The Tenant Improvement Allowance shall be utilized for the hard and soft costs of the Tenant Improvements, including without limitation building improvements to the Building, the cost of obtaining permits, costs of preparing any plans or drawings, the cost of performing the Tenant Improvements including labor and material costs, cost of any third party consulting or contracting fees (including without limitation costs of Tenant's architect and engineers), costs with respect to the Tenant Improvement Project Manager, and any other hard costs of the Tenant Improvements; provided, however, the Tenant Improvement Allowance will not be used for signage, furniture costs, any telecom/cabling costs, and shall be available to Tenant only until one year after the Lease Commencement Date, which date shall be extended for Landlord Delays and/or Force Majeure, after which Landlord shall have no further obligation to provide any portion of the Tenant Improvement Allowance. Subject to such deadline, and based upon applications for payment prepared, certified and submitted by Tenant as described below, Landlord shall make progress payments from the Tenant Improvement Allowance to Tenant in accordance with the provisions of this Paragraph 3, (but in no event more than $145 per square foot for the applicable space under construction), as follows:

(i) Not later than the 25th day of each month Tenant shall submit applications for payment to Landlord in a form reasonably acceptable to Landlord, including Tenant Improvement Contractor's Application and Certification for Payment AIA G702 certified by Tenant Improvement Architect, certified as correct by an officer of Tenant and by Tenant's architect, for payment of that portion of the cost of the Tenant Improvements allocable to labor, materials and equipment incorporated in the Building during the period from the first day of the same month projected through the last day of the month. Each application for payment shall set forth such information and shall be accompanied by such supporting documentation as shall be reasonably requested by Landlord, including the following:

(A) Invoices.

(B) Fully executed conditional lien releases in the form prescribed by law from the Tenant Improvement Contractor and all subcontractors and suppliers furnishing labor or materials during such period and if applicable, fully executed unconditional lien releases from all such entities covering the prior payment period.

(C) Tenant Improvement Contractor's worksheets showing percentages of completion.

(D) Tenant Improvement Contractor's certification as follows:

"There are no known mechanics' or materialmen's liens outstanding at the date of this application for payment, all due and payable bills with respect to the Building have been paid to date or shall be paid from the proceeds of this application for payment, and there is no known basis for the filing of any mechanics' or materialmen's liens against the Building or the Property, and, to the best of our knowledge, waivers from all subcontractors are valid and constitute an effective waiver of lien under applicable law to the extent of payments that have been made or shall be made concurrently herewith."

(ii) On or before the 30th day following submission of the application for payment, so long as Tenant is not in default under the terms of this Work Letter or the Lease, Landlord shall pay a share of such payment determined by multiplying the amount of such payment by a fraction, the numerator of which is the amount of the Tenant Improvement Allowance, and the denominator of which is the sum of (i) estimated construction cost of all Tenant Improvement work and materials for the entire Leased Premises, and (ii) the estimated cost of all professional services, fees and permits in connection therewith. Tenant shall pay the balance of such payment, provided that at such time as Landlord has paid the entire Tenant Improvement Allowance on account of such Tenant Improvement work, all billings shall be paid entirely by Tenant. If upon completion of the Tenant Improvements and payment in full to the Tenant Improvement Contractor, the architect and engineer, and payment in full of all fees and permits, the portion of the cost of the Tenant Improvements including, without limitation, architects' and engineers' fees, permits and fees theretofore paid by Landlord is less than the Tenant Improvement Allowance, Landlord shall promptly reimburse Tenant for costs expended by Tenant for Tenant Improvements up to the amount by which the Tenant Improvement Allowance exceeds the portion of such cost theretofore paid by Landlord. Landlord shall have no obligation to advance the Tenant Improvement Allowance to the extent it exceeds the total cost of the Tenant Improvements. In no event shall Landlord have any responsibility for the cost of the Tenant Improvements in excess of the Improvement Allowance. Landlord shall have no obligation to make any payments to Tenant Improvement Contractor's material suppliers or subcontractors or to determine whether amounts due them from Tenant Improvement Contractor in connection with the Tenant Improvements have, in fact, been paid.

(iii) Landlord acknowledges that if Landlord fails to pay any portion of the Tenant Improvement Allowance as and when it is obligated to do so under this Work Letter, and Landlord thereafter fails to pay such portion of the Tenant Improvement Allowance within ten (10) business days after Landlord's receipt of a written notice from Tenant describing Landlord's failure to pay such portion of the Tenant Improvement Allowance (a "**Payment Notice**"), then Tenant shall be entitled to deduct from Base Monthly Rent payable by Tenant under the Lease, the amount Landlord was obligated (but failed) to pay, but limited each month to an amount not to exceed 25% of each payment of Base Monthly Rent, until fully paid. If, however, Landlord delivers to Tenant, within ten (10) business days after Landlord's receipt of a Payment Notice, a written objection to the requested payment setting forth with reasonable particularity Landlord's reasons for its claim that such payment did not have to be made (an "**Objection Notice**"), then Tenant shall not then be entitled to such deduction from Base Monthly Rent unless and until such dispute is resolved in accordance with the procedures set forth below; *provided, however,* Tenant shall be entitled to offset any undisputed amounts (subject to the foregoing 25% limitation) as provided above. The parties shall, within ten (10) days after Tenant's receipt of the Objection Notice, meet and confer and attempt to resolve the matter promptly, and if the dispute is not resolved within five (5) business days after such meeting, either party may require that the dispute be

finally settled by binding arbitration in San Francisco, California, in accordance with the rules of the JAMS by one arbitrator appointed in accordance with said rules. The arbitrator shall apply California law, without reference to rules of conflicts of law or rules of statutory arbitration, to the resolution of any dispute. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

(c) Evidence of Completion of Tenant Improvements**.** Upon the completion of the Tenant Improvements, Tenant shall:

(i) Submit to Landlord a detailed breakdown of Tenant's final and total construction costs, reasonably satisfactory to Landlord.

(ii) Submit to Landlord the building permit for the Tenant Improvements signed off by the applicable governmental authorities and authorization for physical occupancy of the Building.

(iii) Submit to Landlord the as-built plans and specifications referred to above.

4. Reserved.

5. Completion; Tenant Delay. If Landlord shall be actually delayed in achieving the Required Delivery Condition as a result any of the following (collectively, "**Tenant Delays**"):

(a) Any entry into the Building by Tenant, or any of Tenant's agents, employees, licensees, contractors or subcontractors, which delays substantial completion of the Base Building Work; or

(b) Any matters specifically identified elsewhere in this Work Letter or in the Lease as Tenant Delays; or

(c) Any breach by Tenant, its agents, employees or contractors,

then the date upon which the Required Delivery Condition is deemed to have been achieved shall be advanced by the cumulative duration of such Tenant Delays, and the date upon which the Building is delivered to Tenant in the condition called for by the Lease and this Work Letter shall be deemed to have occurred in advance of the actual delivery date by the cumulative duration of such Tenant Delays. Notwithstanding anything herein to the contrary, no Tenant Delay described in clauses (b) or (c) above shall be deemed to have occurred unless and until Landlord has provided written notice to Tenant specifying the action or inaction that constitutes the Tenant Delay, and in such case, the applicable Tenant Delay shall be deemed to have occurred commencing as of the date such notice is received and continuing until the same is cured. Landlord agrees to notify Tenant in writing when Landlord becomes aware of a Tenant Delay described in clause (a) above, but the date of such notice shall not be a limitation on the commencement of the applicable Tenant Delay.

6. Landlord Delays. If Tenant shall be actually delayed in completing the Tenant Improvements, to such a degree that the date on which it can occupy the Leased Premises for the conduct of its business is also delayed, as a result any of the following (collectively, "**Landlord Delays**"):

(a) Landlord's failure to pay any costs or expenses payable by Landlord under this Work Letter as and when required hereunder; or

(b) Any delay by Landlord in responding to Tenant's submissions beyond the response periods applicable thereto set forth in Paragraph 2 above; or

(c) Hazardous Materials caused or introduced by Landlord or Landlord's agents, employees, licensees or invitees, or the presence of the pre-existing Hazardous Materials in, on or around Building 4, the Leased Premises or the Property; or

(d) Any breach by Landlord, its agents, employees or contractors,

then to the extent such Landlord Delays are the sole cause of Tenant not completing the Tenant Improvements within ten (10) months after the Lease Commencement Date, Tenant shall be entitled to one (1) day of abated Base Monthly Rent for each such day of delay caused solely by such Landlord Delays.

7. Efforts to Mitigate Delays. Each of Landlord and Tenant agree to work together to mitigate the duration of any Landlord Delays and/or Tenant Delays.

EXHIBIT A TO WORK LETTER

BASE BUILDING WORK

BASE BUILDING DESCRIPTION:

The building shall be constructed in conformance with "life safety" standards, as discussed in the provisions below. The project shall be designed to meet the standards of a LEED Platinum rating (at Landlord's sole discretion Landlord may seek USGBC certification). Base Building shall include:

(A) All work installed to meet local codes and ADA requirements and to be approved by local jurisdiction for final of the shell and core permit.

(B) **Utilities**:

a. Water - 2" stub out with minimum of 50 PSI, maximum of 80 PSI, with shut-off valve within the Premises.

b. Electrical - Landlord shall provide a portion of a meter section on the exterior of the building. Landlord will provide 3-2" conduits stubbed to the premises from the building transformer service location as to allow up to a Tenant service of 3000 amp, 3 phase, 277/480 volt electrical service. Landlord shall be responsible for setting the meters and providing power. Landlord will provide 480V power (switch disconnects on floor 1 and floor 2), electrical rooms for tenant, fit-out, rnechanical/power/lighting, as part of the core and shell. Landlord will provide 480V panel boards, step down transformer, and 208V panel board. All house/core area lighting and power will be fed from garage level main electrical room.

i. Lighting will be provided based on the following:

Lighting Load (including task lighting)	Cooling system designed for 1.2 watts/RSF; Lighting design to be restricted to 0.65 watts/RSF to conform to LEED goals

c. Sewer - 4" sanitary sewer branch line under slab in the rear portion of the Premises. Separate 4" grease sewer lateral under slab to potentially connect with a future grease interceptor, if necessary. If a grease interceptor is required, Tenant shall purchase and install at a location selected by Landlord at Tenant's sole expense.

d. Gas - Landlord to provide a 1" medium pressure gas line with maximum 200,000 btu stubbed to the exterior of the Premises. Landlord will be responsible for setting the gas meter.

e. Telephone - Landlord will provide a 2" conduit connection from telephone service location to the Premises. Tenant shall be responsible pulling wire from the telephone room to the Premises. All of Tenant's telephone equipment to be located within Tenant's premises.

f. Cable TV - Landlord will provide a 2" conduit connection from cable TV service location to the Premises. All of Tenant's cable TV equipment to be located with Tenant's premises.

g. Fiber - Landlord to provide 3" x 2" conduit for fiber connection from Page Mill Road to Building 4.

(C) All Common Area site work including underground connections, grading, landscaping, irrigation, site lighting, storm water drainage, hardscaping, all ADA compliant access and exit doors and walks, roads, parking and other site utilities including communications, elect, gas, cable TV.

(D) Weather tight shell complete with rainwater drainage system. Building core and shell to meet all Title-24 requirements.

(E) Provide a recessed floor slab to accommodate flooring finishes by Tenant at lobby. Elevator lobbies to be sheet rocked and fire taped.

(F) Code-required building exit stairs to be in finished condition with painted walls, stringers and handrails. Stair treads and landings to be concrete finish. Core area walls (Tenant side) will be sheet rocked and fire taped only.

(G) Glazing, roof insulation and perimeter wall insulation shall meet or exceed minimum requirements of California Title-24 Part 6.

(H) Elevator cabs (quantity and size to meet code) and call buttons to meet ADA and fire code installed complete including all standard finishes, doors, hardware and lighting. Elevator machine room complete including stainless steel doors, fronts, frames, doors, hardware, HVAC, lighting, fire sprinkler and fire alarm systems. Elevator to be card access ready. For elevator design:

Cab Speed:	150 feet per minute for electric MRL (Machine Room Less) elevators (building).
Cab Capacity:	4,000 pounds for passenger elevator, 4,500 pounds at service elevator.
Cab Walls:	Manufacturer standard, subject to Landlord’s architect’s selection.
Cab Ceiling:	Manufacturer standard, subject to Landlord’s architect’s selection.
Cab Flooring:	Manufacturer standard, subject to Landlord’s architect’s selection.
Hoist Way Doors and Frames:	Painted throughout.

(I) Building mechanical and / or electrical equipment room(s) complete including doors, hardware, lighting, fire sprinkler and fire alarm systems per code.

(J) MPOE shall be provided as a dedicated room separate from the electrical room. Stacked IDF closets located in the center of each floor shall be included per code, but phone systems, switching equipment, connections, etc. and associated cooling equipment not included. Provide room complete including doors, hardware, lighting, fire alarm systems per code. Rooms shall also include sleeved openings for risers. Landlord shall provide two (2) additional four inch (4”) conduits in the joint trench from the property line to the MPOE room.

(K) Entry Lobby, Lobby Stairs and Restroom Cores: Entry Lobby and Lobby Stairs to be finished and fully functional to meet code. Floor, wall, ceiling, lighting, HVAC and electrical finishes and systems shall be designed and finishes selected by Landlord’s architect and installed by Landlord’s Contractor, Restroom Cores to include fully functional and finished men’s and women’s restrooms at each floor to meet code. Finishes to include ceramic tile at floors and full height on all wet walls, stone tops, ceiling mounted stainless steel toilet partitions and accessories, finished ceiling system and lighting per code. Base showers provided in each ground floor men’s and women’s restroom per LEED. Restroom finishes are subject to Tenant’s consent consistent with industry standard.

(L) Convenience electrical outlets will be installed on exterior walls at balconies (1 per each twenty (20) lineal feet of balcony).

(M) Janitor's closets will be finished with VCT flooring, FRP panels on wet walls, and low VOC paint all other walls. Closets to be ventilated per code.

(N) HVAC shall be a variable air volume (VAV) type system with DDC control capability sized to service the General Office Area per the criteria specified below. Design shall meet code but is contemplated to be for an outdoor temperature for winter of 26 degrees F, and a summer temperature of 90 degrees F dry bulb and 67 degrees F wet bulb. System shall be designed for the following loads:

Lighting Load (including task lighting)	Cooling system designed for 1.2 watts/RSF; Lighting design to be restricted to 0.65 watts/RSF to conform to LEED goals
Non Core Miscellaneous Office Equipment Cooling Loads	5 watts/RSF
Occupancy	130 sq. ft./person

(O) Heating shall be via a gas fired, high efficiency boiler and hot water system. Includes main heating water supply and return risers with valved and capped stub-outs at each floor at restroom core for Tenant extension. Gas service will be brought into building and up to roof.

(P) Main Supply and return air risers provided through each floor (or Mechanical Room) with ductwork stubbed out and capped at each floor. Associated fine or fire/smoke dampers provided at rated shaft penetrations per code.

(Q) Ventilation system complete for restroom core and janitor closet including ductwork, diffusers and fan.

(R) Approximately 200 sq ft adjacent to Landlord's HVAC equipment shall be provided to allow Tenant to install auxiliary cooling systems.

(S) DDC controls for the Base Building HVAC system to accommodate the addition of tenant system DDC controls typical of a Class A office building. Any addition of Tenant system DDC controls will be by Tenant.

(T) Domestic cold water main branch piping to each floor near the restroom core and stair for future break rooms and coffee stations.

(U) Two (2) sanitary and vent risers, one within each "wing", with capped connections at each floor level for future break rooms and coffee stations.

(V) Fully operational main electric service for each building including main switchboard each rated at 3000A, 277/480V, serving tenant lighting and power loads and mechanical equipment loads. Each electrical power distribution assembly rated at 3000A, 277/480 volt. Space sized for panels and transformers on each floor (by Tenant). Landing section for PG&E conduits.

(W) Electrical transformer for each building to comply with City of Palo Alto Utilities and per Building Design.

Main Switchboard:

- Per City of Palo Alto Utilities and City of Palo Alto requirements.
- *Main SB to be insulated case with LSIG*
- *Feeder protective devices are group mounted, insulated case circuit breakers (LSI)*
- *Provide separate section for all metering.*
- *Meter main per City of Palo Alto Utilities requirements.*
- *Main switchboards 65kAIC minimum short circuit rating per City of Palo Alto Utilities requirements.*
- 480/277V bus riser is installed thru each floor electrical room for future tenant power distribution.

(X) Base building fire sprinklers on each floor as required per code for the shell and core design with capacity for fully sprinklered tenant improvements. Building is fully sprinklered including the PIV as required by code for an undivided occupancy with upturned heads typical.

(Y) Fire Alarm System: Building is fully monitored per code. Life safety system distribution (smoke detectors, annunciators, strobes, etc.) as required by code for core areas. Each floor is designated as one smoke zone.

(Z) Underground garage will be a code compliant concrete garage with post tension slab. The garage design will include code required electrical/lighting, fire sprinkler/fire alarm system, and CO2 exhaust systems.

i. Building elevator and the stair system will connect to the underground garage with standard garage lobby.

EXHIBIT B TO WORK LETTER

FORM OF CONSENT TO ASSIGNMENT

This **Consent to Assignment** (**"Consent**") is dated as of this __ day of _____, 2020, by _____, a _____ (["Tenant Improvement Architect"/"**Tenant Improvement Contractor**"/"**Tenant Improvement Project Manager**"/**Other Consultant**]), in favor of **_____ Office Partners Holding Company LLC**, a California limited liability company ("Landlord").

Recitals

A. Landlord and _____, a _____ ("**Tenant**") entered into that certain Lease Agreement dated as of _____, 201_ (the "**Lease**") for premises located in the City of _____, County of _____, State of California, commonly known as or otherwise described as _____ Road, Suite __, _____, California; and

B. Exhibit B to the Lease is a Work Letter pursuant to which Tenant has retained [Tenant Improvement Architect/Tenant Improvement Contractor/Tenant Improvement Project Manager/Other Consultant].

Agreement

Now Therefore, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, [Tenant Improvement Architect/Tenant Improvement Contractor/Tenant Improvement Project Manager/Other Consultant] hereby consents to the assignment effected by Paragraph 4 of the Work Letter.

In Witness Whereof, [Tenant Improvement Architect/Tenant Improvement Contractor/Tenant Improvement Project Manager/Other Consultant] has executed this Consent as of the date first written above.

[Tenant Improvement Architect/Tenant Improvement Contractor/Tenant Improvement Project Manager/Other Consultant]

By: _____
Title: _____

By: _____
Title: _____

EXHIBIT C

LEASE COMMENCEMENT DATE CERTIFICATE

This **LEASE COMMENCEMENT CERTIFICATE** ("**Certificate**") is made this _____ day of _____, 201_, by and between **1050 PAGE MILL ROAD PROPERTY, LLC**, a Delaware limited liability company ("**Landlord**") and **KODIAK SCIENCES INC.**, a Delaware corporation ("**Tenant**"), and is attached to and made a part of that certain Lease dated as of _____, 201_ by and between Landlord and Tenant (the "**Lease**").

Landlord and Tenant hereby acknowledge and agree for all purposes of the Lease that the Lease Commencement Date as defined in Paragraph 2.3 of the Lease is _____, 202_.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Certificate on the date first above written.

LANDLORD:

1050 PAGE MILL ROAD PROPERTY, LLC,
a Delaware limited liability company

By: _____
Printed Name: _____
Title: _____

TENANT:

KODIAK SCIENCES INC.,
a Delaware corporation

By: _____
Printed Name: _____
Title: _____

EXHIBIT D

RELEASE OF GROUND LESSOR

Tenant hereby represents to Ground Lessor that Tenant is aware that detectable amounts of hazardous substances and groundwater contaminants have come to be located beneath and/or in the vicinity of the Property. Tenant has made such investigations and inquiries as it deems appropriate to ascertain the effects, if any, of such substances and contaminants on its operations and persons using the Property. Ground Lessor makes no representation or warranty with regard to the environmental condition of the Property. Tenant, on behalf of itself and its affiliated entities and their respective partners, employees, successors and assigns (collectively, "Releasors"), hereby covenants and agrees not to sue and forever releases and discharges Ground Lessor, and its trustees, officers, directors, agents and employees for and from any and all claims, losses, damages, causes of action and liabilities, arising out of hazardous substances or groundwater contamination presently existing on, under, or emanating from or to the Property. In connection with the above release, Releasors understand and expressly waive any rights or benefits available under Section 1542 of the Civil Code of California or any similar provision in any other jurisdiction. Section 1542 provides substantially as follows:

"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party."

EXHIBIT E

SUBORDINATION, NONDISTURBANCE AND ATTORNMENT PROVISIONS

RECORDING REQUESTED BY AND
AFTER RECORDING, RETURN TO:

Clifford Chance US LLP
32 West 52nd Street
New York, New York 10019
Attn: Eddie E. Frastai, Esq.

SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE

SUBORDINATION, NON-DISTURBANCE
AND ATTORNMENT AGREEMENT

This Subordination, Non-Disturbance and Attornment Agreement ("**Agreement**"), is made as of this _____ day of June, 2020 among First Abu Dhabi Bank PJSC, a public joint stock company incorporated under the Emirate of Abu Dhabi, United Arab Emirates, as agent (together with its successors and assigns, collectively, "Agent") for itself and First Abu Dhabi Bank USA N.V., a banking corporation organized under the laws of Curaçao (together with their respective successors and assigns, collectively, "Lender"), 1050 Page Mill Road Property, LLC, a Delaware limited liability company, as landlord (together with its successors and assigns, "**Landlord**"), and Kodiak Sciences Inc., a Delaware corporation ("**Tenant**").

Background

A. Lender has agreed to make and Agent has agreed to administer a loan to Landlord ("**Loan**"), which is secured by that certain Leasehold Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing dated as of _____ ___, 2018 by Landlord in favor of Chicago Title Insurance Company, as trustee in favor of Agent, as beneficiary (the "**Security Instrument**") on Landlord's property described more particularly on Exhibit A attached hereto ("**Property**").

B. Tenant is the present lessee under that certain Sublease between Landlord and Tenant dated as of June 19, 2020, as thereafter modified and supplemented ("**Lease**"), demising a portion of the Property known as "Building 4" as described more particularly in the Lease ("**Leased Space**").

C. A requirement of the Loan is that Tenant's Lease be subordinated to the Security Instrument. Landlord has requested Tenant to so subordinate the Lease in exchange for Agent's agreement not to disturb Tenant's possession of the Leased Space upon the conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises of this Agreement, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Subordination. Tenant agrees that the Lease and all of the terms, covenants and provisions thereof, and all estates, options and rights created under the Lease, hereby are subordinated and made subject to the lien and effect of the Security Instrument (including, without limitation, all renewals, increases, modifications, spreaders, consolidations, replacements and extensions thereof), as if the Security Instrument had been executed and recorded prior to the Lease.

2. Nondisturbance. Agent agrees (a) that no foreclosure (whether judicial or nonjudicial), deed-in-lieu of foreclosure, or other sale of the Property in connection with enforcement of the Security Instrument or otherwise in satisfaction of the Loan shall operate to terminate the Lease or disturb Tenant's rights thereunder to possess and use the Leased Space in accordance with the terms of the Lease, (b) not to join Tenant as a party defendant in any action or proceeding to foreclose the Security Instrument or to enforce any rights or remedies of Agent under the Security Instrument unless required by applicable law, and (c), that in any instance in which Agent is required to join Tenant as a defendant as provided in clause (b) above, Agent shall not: (i) seek affirmative relief against Tenant, (ii) disturb Tenant’s possession of the Premises, (iii) terminate the Lease, or (iv) otherwise adversely affect Tenant’s rights under the Lease, in each case, with respect to the foregoing clauses (a), (b) and (c), provided, that (x) the Lease is in full force and effect, and (y) no uncured default exists under the Lease beyond the expiration of any applicable notice and cure periods.

3. Attornment. Tenant agrees to attorn to and recognize as its landlord under the Lease each party acquiring legal title to the Property by foreclosure (whether judicial or nonjudicial) of the Security Instrument, deed-in-lieu of foreclosure, or other sale in connection with enforcement of the Security Instrument or otherwise in satisfaction of the Loan ("**Successor Owner**"). In no event will any Successor Owner be: (a) liable for any default, act or omission of any prior landlord under the Lease, provided that the foregoing shall not limit Successor Owner's obligations under the Lease to correct any conditions of a continuing nature that (x) existed as of the date Successor Owner became the owner of the Property, and (y) violate Successor Owner's obligations as landlord under the Lease; (b) subject to any offset or defense which Tenant may have against any prior landlord under the Lease; (c) bound by any payment of rent or additional rent (other than first month’s rent) made by Tenant to Landlord more than 30 days in advance; (d) bound by any modification or supplement to the Lease, or waiver of Lease terms, made without Agent's written consent thereto, except for: (i) any amendment or modification of the Lease that is provided for or contemplated in the Lease in connection with Tenant's exercise of any renewal or extension rights with respect to the term, including any provision thereof that sets rental amounts or other economic terms for the extension term, so long as such rental amounts or other economic terms are specified in the Lease, or determined pursuant to appraisal or arbitration procedures set forth in the Lease (and provided that any rental amounts and other economic terms for the extension term that are voluntarily agreed-to between Landlord and Tenant are subject to Agent's approval rights set forth below in this Section 3), and so long as such amendment or modification is otherwise consistent with the terms of such renewal or extension rights; (ii) writings that establish the Lease Commencement Date (as that term is defined in the Lease); (iii) documentation confirming approvals or consents in accordance with the Lease and this Agreement (such as consents to subleases or assignments); and (iv) execution of estoppel certificates; or (e) liable for the return of any security deposit or other prepaid charge paid by Tenant under the Lease, except to the extent such amounts were actually received by Agent. Although the foregoing provisions of this Agreement are self-operative, Tenant agrees to execute and deliver to Agent or any Successor Owner such further instruments as Agent or a Successor Owner may from time to time reasonably request in order to confirm this Agreement. If any liability of Successor Owner does arise pursuant to this Agreement, such liability shall be limited to Successor Owner's interest in the Property.

4. Prior Assignment; Rent Payments; Notice to Tenant Regarding Rent Payments. Tenant hereby consents to that certain Assignment of Leases and Rents from Landlord to Agent executed in connection with the Loan. Tenant acknowledges that the interest of the Landlord under the Lease is to be assigned to Agent solely as security for the purposes specified in said assignment, and Agent shall have no duty, liability or obligation whatsoever under the Lease or any extension or renewal thereof, either by virtue of said assignments or by any subsequent receipt or collection of rents thereunder, unless Agent shall specifically undertake such liability in writing. Tenant agrees not to pay rent (other than the first month's rent) more than one (1) month in advance unless otherwise specified in the Lease. After notice is given to Tenant by Agent that Landlord is in default under the Security Instrument and that the rentals under the Lease are to be paid to Agent directly pursuant to the assignment of leases and rents granted by Landlord to Agent in connection therewith, Tenant shall thereafter pay to Agent all rent and all other amounts due or to become due to Landlord under the Lease. Landlord hereby expressly authorizes Tenant to make such payments to Agent upon reliance on Agent's written notice (without any inquiry into the factual basis for such notice or any prior notice to or consent from Landlord), agrees that all amounts so paid to Agent shall be credited against rent otherwise due under the Lease and hereby releases Tenant from all liability to Landlord in connection with Tenant's compliance with Agent's written instructions.

5. Agent Opportunity to Cure Landlord Defaults. Tenant agrees that, until the Security Instrument is released by Agent, it will not exercise any remedies under the Lease following a Landlord default without having first given to Agent (a) written notice of the alleged Landlord default and (b) the opportunity to cure such default within (i) a period of 5 business days following such notice in the instance of a default which may be cured by the payment of money or (ii) a period of 30 days after receipt of such notice in the instance of a default other than one listed in the preceding clause (i), if such default cannot reasonably be cured within such 30-day period and Agent has diligently commenced to cure such default promptly within the time contemplated by this Agreement, such 30-day period shall be extended for so long as it shall require Agent, in the exercise of due diligence, to cure such default, but, unless the parties otherwise agree, in no event shall the entire cure period be more than 120 days. Tenant acknowledges that Agent is not obligated to cure any Landlord default, but if Agent elects to do so, Tenant agrees to accept cure by Agent as that of Landlord under the Lease and will not exercise any right or remedy under the Lease for a Landlord default. Performance rendered by Agent on Landlord's behalf is without prejudice to Agent's rights against Landlord under the Security Instrument or any other documents executed by Landlord in favor of Agent in connection with the Loan.

6. Right to Purchase. Tenant covenants and acknowledges that it has no right or option of any nature whatsoever, whether pursuant to the Lease or otherwise, to purchase the Property or the real property of which the Property is a part, or any portion thereof or any interest therein and to the extent that Tenant has had, or hereafter acquires any such right or option, the same is hereby acknowledged to be subject and subordinate to the Security Instrument and is hereby waived and released as against Agent.

7. Miscellaneous.

(a) Notices. All notices and other communications under this Agreement are to be in writing pursuant and addressed as set forth below such party's signature hereto. Default or demand notices shall be deemed to have been duly given upon the earlier of: (i) actual receipt; (ii) one (1) business day after having been timely deposited for overnight delivery, fee prepaid, with a reputable overnight courier service, having a reliable tracking system; (iii) three (3) business days after having been deposited in any post office or mail depository regularly maintained by the U.S. Postal Service and sent by certified mail, postage prepaid, return receipt requested; and (iv) on the day transmitted if delivered by e-mail (provided that a copy has been delivered to the receiving party no later than one (1) Business Day after such email by hand or by recognized express courier service); and in the case of clause (ii) and (iii) irrespective of whether delivery is accepted. A new address for notice may be established by written notice to the other parties;

provided, however, that no address change will be effective until written notice thereof actually is received by the party to whom such address change is sent.

(b) Entire Agreement; Modification. This Agreement is the entire agreement between the parties hereto with respect to the subject matter hereof, and supersedes and replaces all prior discussions, representations, communications and agreements (oral or written). This Agreement shall not be modified, supplemented, or terminated, nor any provision hereof waived, except by a written instrument signed by the party against whom enforcement thereof is sought, and then only to the extent expressly set forth in such writing.

(c) Binding Effect; Joint and Several Obligations. This Agreement is binding upon and inures to the benefit of the parties hereto and their respective heirs, executors, legal representatives, successors, and assigns, whether by voluntary action of the parties or by operation of law. No party may delegate or transfer its obligations under this Agreement.

(d) Unenforceable Provisions. Any provision of this Agreement which is determined by a court of competent jurisdiction or government body to be invalid, unenforceable or illegal shall be ineffective only to the extent of such determination and shall not affect the validity, enforceability or legality of any other provision, nor shall such determination apply in any circumstance or to any party not controlled by such determination.

(e) Duplicate Originals; Counterparts. This Agreement may be executed in any number of duplicate originals, and each duplicate original shall be deemed to be an original. This Agreement (and each duplicate original) also may be executed in any number of counterparts, each of which shall be deemed an original and all of which together constitute a fully executed Agreement even though all signatures do not appear on the same document.

(f) Construction of Certain Terms. Defined terms used in this Agreement may be used interchangeably in singular or plural form, and pronouns shall be construed to cover all genders. Article and section headings are for convenience only and shall not be used in interpretation of this Agreement. The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular section, paragraph or other subdivision; and the word "section" refers to the entire section and not to any particular subsection, paragraph of other subdivision; and "Agreement" and each of the Loan Documents referred to herein mean the agreement as originally executed and as hereafter modified, supplemented, extended, consolidated, or restated from time to time.

(g) Governing Law. This Agreement shall be interpreted and enforced according to the laws of the State where the Property is located (without giving effect to its rules governing conflict of laws).

(h) Consent to Jurisdiction. Each party hereto irrevocably consents and submits to the exclusive jurisdiction and venue of any state or federal court sitting in the county and state where the Property is located with respect to any legal action arising with respect to this Agreement and waives all objections which it may have to such jurisdiction and venue.

(i) **WAIVER OF JURY TRIAL. TO THE FULLEST EXTENT PERMITTED BY LAW, EACH PARTY HERETO WAIVES AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS AGREEMENT.**

[NO FURTHER TEXT ON THIS PAGE]

IN WITNESS WHEREOF, this Agreement is executed as of the date first written above.

TENANT:

KODIAK SCIENCES INC.

By: _____
Name:
Title:

Tenant Notice Address:

Kodiak Sciences Inc.

_____

_____
Attn: _____
E-mail: _____
Phone: ___-___-_____

[Signatures continue on next page.]

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF SANTA CLARA)

On _____, 2020, before me,_____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

_____
Signature (Seal)

[Signatures continue on next page.]

LANDLORD:

1050 PAGE MILL ROAD PROPERTY, LLC,
a Delaware limited liability company

By:
Name:
Title:

Landlord Notice Address:

1050 Page Mill Road Property, LLC
c/o Sand Hill Property Company
965 Page Mill Road
Palo Alto, California 94304
Attn: Jason Chow
E-mail: jchow@shpco.com
Phone: +1 (650) 772 4043
Facsimile No.: +1 (650) 344-0652

With a copy to:

Gibson, Dunn & Crutcher LLP
200 Park Ave
New York, New York 10166
Attention: David Furman, Esq.
E-mail: dfurman@gibsondunn.com
Phone: +1 (212) 351-3992

[Signatures continue on next page.]

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF SANTA CLARA)

On _____, 2020, before me,_____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.
Signature (Seal)

[Signatures continue on next page.]

AGENT:

FIRST ABU DHABI BANK PJSC,
a public joint stock company incorporated under the laws of the United Arab Emirates

By:_____
Name:
Title:

Agent Notice Address:

First Abu Dhabi Bank PJSC
FAB Building Khalifa Business Park
1 - Al Qurm District
Loan Agency, Global Corporate Finance, 4th Floor
P.O. Box 6316 Abu Dhabi, United Arab Emirates

Attention: Urvi Widhani, Syed Afsor Nash, Praveen Damani and Samah Aker
Email: Urvi.Widhani@bankfab.com; Syed.AfsorNash@bankfab.com;
Praveen.Damani@bankfab.com; Samah.Aker@bankfab.com; LA@bankfab.com;
Phone: +971 2 3053072; +971 2 3053772; +971 2 3053793; +971 2 3053807

With a copy to:

Clifford Chance US LLP
31 West 52nd Street
New York, New York 10019
Attention: Eddie Frastai, Esq.
E-mail: eddie.frastai@cliffordchance.com
Phone: +1 (212) 878-4931

[Signatures continue on next page.]

ss.:

I, _____, Consul-_____ of the United States of America, _____, duly commissioned, and qualified, do certify that on this ____ day of _____, before me personally appeared in said _____, to me known, and known to me to be the individual described in, whose name is subscribed to, and who executed the foregoing instrument, and being by me informed of the contents of said instrument _____ duly acknowledged to me that _____ executed the same freely, and voluntarily for the uses, and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and Official Seal the day, and year last above written.

_____

Consul-_____ of the

United States of America at _____

Exhibit A

Legal Description of the Property

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF PALO ALTO, IN THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

Parcel One:

Beginning at a concrete highway monument set on the Southwesterly line of El Camino Real (State Highway) opposite Engineers Station 144 + 27.00 as surveyed by the California Division of Highways as said Southwesterly line was established by that Decree in Condemnation, a certified copy of which Decree was filed for record in the Office of the Recorder of the County of Santa Clara, State of California on July 7, 1930 in Book 520 of Official records at Page 571, said monument also marks the point of intersection of said Southwesterly line with the Southeasterly line of that certain 1289 acre tract of land described in the Deed from Evelyn C. Crosby, et al, to Leland Stanford, dated September 8, 1885, recorded September 8, 1885 in Book 80 of Deeds, Page 382, Santa Clara County Records, running thence North 56° 39' West along said Southwesterly line of El Camino Real for a distance of 2784.83 feet; thence leaving said line of El Camino Real, South 33° 21' West 1585.78 feet; thence North 56° 39' West 364.11 feet to the True Point of Beginning of this description: thence from said true point of beginning South 33° 24' 55" West 589.71 feet to the Southwesterly line of that certain 5.479 acre tract of land described in the Memorandum of Lease executed by and between the Board of Trustees of the Leland Stanford Junior University, Lessor, and Beckman Instruments, Inc., Lessee dated December 28, 1955, recorded January 11, 1956 in Book 3384 of Official Records, Page 14, Santa Clara County Records; thence South 56° 38' East along said Southwesterly line, 364.78 feet to the Southern most corner thereof; thence South 56° 26' 07" East 305.53 feet; thence South 33° 56' 20" West 148.13 feet; thence South 56° 23' 40" East 259.62 feet to a point on a line which is parallel with and distant Northwesterly 90.00 feet at right angles from the center line of Page Mill Road (60.00 feet in width), thence North 33° 28' 37" East along said parallel line, 740.15 feet to a point which bears South 56° 39' East from the true point of beginning; thence North 56° 39' West 930.24 feet to the true point of beginning.

Parcel Two:

An easement for the purpose of ingress and egress over a strip of land, 60.00 in width, the Northwesterly line of which is more particularly described as follows:

Beginning at the Southernmost corner of the 12.063 acre tract described in the Memorandum of Agreement Adding Additional Lands to Lease executed by and between the Board of Trustees of the Leland Stanford Junior University, Lessor and Beckman Instruments Inc., Lessee dated May 15, 1957, recorded July 1, 1957 in Book 3834 Page 181, Santa Clara County Records; thence from said point of beginning North 33° 28' 37" East along the Southeasterly line of said 12.063 acre tract, 740.15 feet to the Easternmost corner thereof and the terminus of said easement. Said easement of ingress and egress shall cease and terminate forthwith upon notice from Lessor to Lessee that the State of California or other Governmental body (i) has acquired the fee title to the property subject to said easement, (ii) has acquired an interest in said property inconsistent with the use and enjoyment by Lessee of said easement, or (iii) has acquired the right of possession of said property or said easement.

APN: 142-20-091

EXHIBIT F

FORM OF ESTOPPEL CERTIFICATE

_____, 20____

_____
_____
_____
_____

Re _____
_____, California

Ladies and Gentlemen:

Reference is made to that certain Lease, dated as of _____, 20___, between 1050 Page Mill Road Property, LLC, a Delaware limited liability company ("**Landlord**"), and the undersigned (herein referred to as the "**Lease**"). A copy of the Lease [and all amendment thereto] is[are] attached hereto as **Exhibit A**. At the request of Landlord in connection with [_____ State reasons for request for estoppel certificate _____], the undersigned hereby certifies to Landlord and to [state names of other parties requiring certification (*e.g.*, lender, purchaser, investor)] ("**Lender**"/ "**Purchaser**"/ "**Investor**") and each of your respective successors (each, a "**Recipient**") and assigns as follows:

1. The undersigned is the tenant under the Lease.

2. The Lease is in full force and effect and has not been amended, modified, supplemented or superseded by the undersigned except as indicated in Exhibit A.

3. To the current, actual knowledge of the undersigned, there is no defense, offset, claim or counterclaim by or in favor of the undersigned against Landlord under the Lease or against the obligations of the undersigned under the Lease. The undersigned has no renewal, extension or expansion option, no right of first offer or right of first refusal and no other similar right to renew or extend the term of the Lease or expand the property demised thereunder except as may be expressly set forth in the Lease.

4. All improvements to be constructed in the Leased Premises by Landlord, if any, have been completed and accepted by Tenant, and any tenant construction or other allowances have been paid in full. **[DRAFTING NOTE: If any Landlord work is not completed or any allowances are not fully funded as of the date the estoppel is sent to Tenant, revise accordingly.]**

5. To the current, actual knowledge of the undersigned, there is no default now existing of the undersigned or of Landlord under the Lease, nor of any event which with notice or the passage of time or both would constitute a default of the undersigned or of Landlord under the Lease.

6. The monthly rent due under the Lease is $_____ and has been paid through _____, and all additional rent due and payable under the Lease has been paid through _____.

7. The term of the Lease commenced on _____, and expires on _____, unless sooner terminated pursuant to the provisions of the Lease.

8. The undersigned has deposited the sum of $_____ with Landlord as security for the performance of its obligations as tenant under the Lease, and no portion of such deposit has been applied by Landlord to any obligation under the Lease.

9. There is no free rent period pending. [TO BE MODIFIED AS APPROPRIATE]

The undersigned's "actual knowledge" means the current, actual knowledge of the person executing this document on behalf of the undersigned, without any duty of investigation (other than inquiry of the appropriate personnel of the undersigned who have responsibility for administration of the Lease in accordance with the undersigned's standard procedures applicable to its leasing program).

10. The undersigned's certifications are made solely to estop the undersigned from asserting to or against the Recipient facts or claims contrary to those stated. This estoppel certificate does not constitute an independent contractual undertaking or constitute representations, warranties or covenants, and does not create any liability of the undersigned or have legal consequences for breach other than estopping the undersigned from asserting to or against Recipient (including but not limited to, in defense of any legal claim) any contrary facts or claims. This estoppel certificate does not modify in any way Landlord's relationship, obligations or rights vis-à-vis the undersigned.

The above certifications are made to Landlord and [Lender/ Purchaser/ Investor] knowing that Landlord and [Lender/ Purchaser/ Investor] will rely thereon in [making a loan secured in part by an assignment of the Lease/ accepting an assignment of the Lease/ investing in Landlord/other].

Very truly yours,

_____
By:
Name:
Title:

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Victor Perlroth, M.D., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Kodiak Sciences Inc.;

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

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

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

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

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

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

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

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

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

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

Date: August 10, 2020

By: /s/ Victor Perlroth

Victor Perlroth, M.D.
Chairman and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John Borgeson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Kodiak Sciences Inc.;

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

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

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

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

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

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

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

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

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

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

Date: August 10, 2020

By: /s/ John Borgeson

John Borgeson
Senior Vice President and Chief Financial Officer
(Principal Accounting and Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Kodiak Sciences Inc. (the "Company") on Form 10-Q for the period ending June 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Date: August 10, 2020

By: /s/ Victor Perlroth

Victor Perlroth, M.D.
Chairman and Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the Report to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Kodiak Sciences Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Report), irrespective of any general incorporation language contained in such filing.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Kodiak Sciences Inc. (the "Company") on Form 10-Q for the period ending June 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Date: August 10, 2020

By: /s/ John Borgeson

John Borgeson
Senior Vice President and Chief Financial Officer
(Principal Accounting and Financial Officer)

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the Report to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Kodiak Sciences Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Report), irrespective of any general incorporation language contained in such filing.