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

FORM 10-Q

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

For the quarterly period ended September 30, 2017

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 No. 0-14710

XOMA Corporation

(Exact name of registrant as specified in its charter)

Delaware	**52-2154066**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
2910 Seventh Street, Berkeley, California 94710	**(510) 204-7200**
(Address of principal executive offices, including zip code)	**(Telephone Number)**

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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	☐	(Do not check if a smaller reporting company)	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 of 1934). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	**Outstanding at November 1, 2017**
Common Stock, $0.0075 par value	**8,144,077**

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PART I - FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

XOMA CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share amounts)

	September 30, 2017 (unaudited)	December 31, 2016 (Note 1)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 47,747	$ 25,742
Trade and other receivables, net	1,026	566
Prepaid expenses and other current assets	318	852
Total current assets	49,091	27,160
Property and equipment, net	97	1,036
Other assets	522	481
Total assets	$ 49,710	$ 28,677
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	$ 4,046	$ 5,689
Accrued and other liabilities	1,601	4,215
Accrued restructuring costs	444	3,594
Income taxes payable	1,706	—
Deferred revenue – current	6,287	899
Interest bearing obligations – current	—	17,855
Accrued interest on interest bearing obligations – current	140	254
Total current liabilities	14,224	32,506
Deferred revenue – non-current	17,101	18,000
Interest bearing obligations – non-current	14,322	25,312
Other liabilities – non-current	—	69
Total liabilities	45,647	75,887
Commitments and Contingencies (Note 10)		
Stockholders' equity (deficit):		
Preferred stock, $0.05 par value, 1,000,000 shares authorized, 5,003 and 0 shares issued and outstanding as of September 30, 2017 and December 31, 2016, respectively	—	—
Common stock, $0.0075 par value, 277,333,332 shares authorized, 8,143,643 and 6,114,145 shares issued and outstanding at September 30, 2017 and December 31, 2016, respectively	61	46
Additional paid-in capital	1,181,742	1,146,357
Accumulated deficit	(1,177,740)	(1,193,613)
Total stockholders' equity (deficit)	4,063	(47,210)
Total liabilities and stockholders' equity (deficit)	$ 49,710	$ 28,677

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

(Note 1) The condensed consolidated balance sheet as of December 31, 2016 has been derived from the audited consolidated financial statements as of that date included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

XOMA CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(unaudited)

(in thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenues:				
License and collaborative fees	$ 36,068	$ 430	$ 46,993	$ 3,196
Contract and other	115	205	340	1,844
Total revenues	36,183	635	47,333	5,040
Operating expenses:				
Research and development	307	8,674	7,215	35,986
General and administrative	7,255	4,053	17,625	13,138
Restructuring charge (credit)	(29)	—	3,451	15
Total operating expenses	7,533	12,727	28,291	49,139
Income (loss) from operations	28,650	(12,092)	19,042	(44,099)
Other income (expense):				
Interest expense	(202)	(982)	(1,108)	(2,991)
Other (expense) income, net	(263)	289	337	585
Revaluation of contingent warrant liabilities	—	260	—	10,455
Loss on extinguishment of debt	(135)	—	(650)	—
Income (loss) before income tax	28,050	(12,525)	17,621	(36,050)
Provision for income taxes	(1,706)	—	(1,706)	—
Net income (loss) and comprehensive income (loss)	$ 26,344	$ (12,525)	$ 15,915	$ (36,050)
Basic net income (loss) available to common stockholders	$ 16,038	$ (12,525)	$ 6,609	$ (36,050)
Diluted net income (loss) available to common stockholders	$ 16,418	$ (12,525)	$ 6,669	$ (36,050)
Basic net income (loss) per share available to common stockholders	$ 2.06	$ (2.08)	$ 0.89	$ (6.00)
Diluted net income (loss) per share available to common stockholders	$ 1.98	$ (2.08)	$ 0.88	$ (6.00)
Weighted average shares used in computing basic net income (loss) per share available to common stockholders	7,786	6,029	7,424	6,010
Weighted average shares used in computing diluted net income (loss) per share available to common stockholders	8,275	6,029	7,617	6,010

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

XOMA CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(in thousands)

	Nine Months Ended September 30,	
	2017	**2016**
Cash flows from operating activities:		
Net income (loss)	$ 15,915	$ (36,050)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	289	603
Common stock contribution to 401(k) plan	506	785
Stock-based compensation expense	4,893	6,200
Revaluation of contingent warrant liabilities	—	(10,455)
Amortization of debt issuance costs, debt discount and final payment fee on debt	444	1,075
Loss on extinguishment of debt	650	—
Gain on sale of marketable securities	—	(126)
Net gain on sale and disposal of equipment	(1,123)	—
Unrealized loss on foreign currency exchange	1,447	384
Other	262	79
Changes in assets and liabilities:		
Trade and other receivables, net	(460)	3,313
Prepaid expenses and other assets	493	676
Accounts payable and accrued liabilities	(4,247)	(4,100)
Accrued restructuring costs	(3,150)	(440)
Accrued interest on interest bearing obligations	143	175
Income taxes payable	1,706	—
Deferred revenue	(9,857)	(2,306)
Other liabilities	—	(500)
Net cash provided by (used in) operating activities	7,911	(40,687)
Cash flows from investing activities:		
Proceeds from sale of property and equipment	1,614	45
Proceeds from sale of marketable securities	—	622
Purchase of property and equipment	(24)	(31)
Net cash provided by investing activities	1,590	636
Cash flows from financing activities:		
Proceeds from issuance of common and preferred stock, net of issuance costs	29,959	45
Principal payments ─ debt	(16,380)	(5,057)
Payment of final fee related to loan extinguishment	(1,150)	—
Principal payments ─ capital lease	(51)	(84)
Taxes paid related to net share settlement of equity awards	(41)	—
Net cash provided by (used in) financing activities	12,337	(5,096)
Effect of exchange rate changes on cash	167	(2)
Net increase (decrease) in cash and cash equivalents	22,005	(45,149)
Cash and cash equivalents at the beginning of the period	25,742	65,767
Cash and cash equivalents at the end of the period	$ 47,747	$ 20,618
Supplemental cash flow information:		
Cash paid for interest	$ 518	$ 1,724
Non-cash investing and financing activities:		
Repayment of principal and accrued interest under the Servier loan	$ 14,346	$ —
Interest added to principal balance on long-term debt	$ 236	$ 194

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

1. Description of Business

XOMA Corporation (referred to as "XOMA" or the "Company"), a Delaware corporation, has a long history of discovering and developing innovative therapeutics derived from its unique platform of antibody technologies. The Company has historically advanced product candidates into the earlier stages of development and then sought to license product candidates to licensees who assume the responsibilities of later stage development, approval and commercialization. In 2016, XOMA focused its research and development efforts to advancing a portfolio of product candidates that have the potential to treat a variety of endocrine diseases, including the advancement of X358 for the treatment of congenital hyperinsulinism and hypoglycemia in hyperinsulinemic patients following bariatric surgery. In addition, XOMA has historically licensed antibody technologies on a non-exclusive basis to other companies who desire to access the antibody platform for their own discovery efforts. In March 2017, the Company revised its strategy to instead focus on building out its portfolio of programs that are fully funded by other biotechnology and pharmaceutical companies and for which milestone and royalty payments are potentially due. The result is a focus by the Company on out-licensing its un-partnered product candidates to partners who will continue the development and commercialization of these assets. The Company expects that a significant portion of any future revenue will be based on payments it may receive from its licensees. In addition, the Company intends to acquire potential milestone and royalty revenue streams on additional assets.

Liquidity and Management Plans

The Company has incurred operating losses since its inception resulting in an accumulated deficit of $1.2 billion, it has working capital of $34.9 million and $14.3 million in total outstanding debt at September 30, 2017. As of June 30, 2017, there was a substantial doubt about the Company's ability to continue as a going concern since it did not have sufficient financial resources available to fund its operations and make scheduled loan payments beyond August 2018. The Company alleviated this concern in August 2017, when it entered into license agreements with Novartis Pharma AG ("Novartis AG") in which the Company received total cash proceeds of $25.7 million. Concurrently, Novartis AG settled the Company's outstanding debt with Les Laboratories Servier ("Servier Loan") and extended the maturity date of the Company's debt to Novartis Institutes for BioMedical Research, Inc. ("NIBR") from September 30, 2020 to September 30, 2022 (see Notes 4 and 8). In conjunction with the license agreements, the Company and Novartis AG also entered into a common stock purchase agreement in which the Company received total cash proceeds of $5.0 million (see Note 12). As of September 30, 2017, the Company had $47.7 million in cash and cash equivalents, which is available to fund its operations through the next 12 months from the date the condensed consolidated financial statements are issued.

The Company's ability to raise additional capital in the equity and debt markets, should the Company choose to do so, is dependent on a number of factors, including, but not limited to, the market demand for the Company's common stock, which itself is subject to a number of pharmaceutical development and business risks and uncertainties, as well as the uncertainty that the Company would be able to raise such additional capital at a price or on terms that are favorable to the Company.

2. Basis of Presentation and Significant Accounting Policies

Basis of Presentation

The condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany accounts and transactions among consolidated entities were eliminated upon consolidation. The unaudited consolidated financial statements were prepared in accordance with generally accepted accounting principles ("GAAP") in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. As permitted under those rules certain footnotes or other financial information can be condensed or omitted. These financial statements and related disclosures have been prepared with the assumption that users of the interim financial information have read or have access to the audited consolidated financial statements for the preceding fiscal year. Accordingly, these statements should be read in conjunction with the audited consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016, filed with the U.S. Securities and Exchange Commission ("SEC") on March 16, 2017.

These financial statements have been prepared on the same basis as the Company's annual consolidated financial statements and, in the opinion of management, reflect all adjustments, consisting only of normal recurring adjustments that are necessary for a fair statement of the Company's consolidated financial information. The interim results of operations are not necessarily indicative of the results that may be expected for the full year.

Use of Estimates

The preparation of financial statements in conformity with GAAP in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosures. On an ongoing basis, management evaluates its estimates including, but not limited to, those related to revenue recognition, debt amendments, long-lived assets, restructuring liabilities, legal contingencies, and stock-based compensation. The Company bases its estimates on historical experience and on various other market-specific and other relevant assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ significantly from these estimates. Under the Company's contracts with the National Institute of Allergy and Infectious Diseases ("NIAID"), a part of the National Institutes of Health ("NIH"), the Company billed NIAID using NIH's provisional rates and thus is subject to future audits at the discretion of NIAID's contracting office. These audits can result in an adjustment to revenue previously reported which potentially could be significant. In March 2016, the Company effected the novation of its remaining active contract with NIAID to Ology Bioservices, Inc. ("Ology Bioservices") (formerly known as Nanotherapeutics, Inc.) (see Note 6). The billings made prior to the effective date of the novation of such contract are still subject to future audits, which may result in significant adjustments to reported revenues.

Revenue Recognition

Revenue is recognized when the four basic criteria of revenue recognition are met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been rendered; (3) the fee is fixed or determinable; and (4) collectability is reasonably assured. The determination of criteria (2) is based on management's judgments regarding whether a continuing performance obligation exists. The determination of criteria (3) and (4) are based on management's judgments regarding the nature of the fee charged for products or services delivered and the collectability of those fees. Allowances are established for estimated uncollectible amounts, if any.

The Company recognizes revenue from its license and collaboration arrangements, and royalties. Revenue arrangements with multiple elements are divided into separate units of accounting if certain criteria are met, including whether the delivered element has stand-alone value to the customer and whether there is objective and reliable evidence of the fair value of the undelivered items. Each deliverable in the arrangement is evaluated to determine whether it meets the criteria to be accounted for as a separate unit of accounting or whether it should be combined with other deliverables. In order to account for the multiple-element arrangements, the Company identifies the deliverables included within the arrangement and evaluates which deliverables represent separate units of accounting. Analyzing the arrangement to identify deliverables requires the use of judgment, and each deliverable may be an obligation to deliver services, a right or license to use an asset, or another performance obligation. The consideration received is allocated among the separate units of accounting based on their respective fair values and the applicable revenue recognition criteria are applied to each of the separate units. Advance payments received in excess of amounts earned are classified as deferred revenue until earned.

License and Collaborative Fees

Revenue from non-refundable license, technology access or other payments under license and collaborative agreements where the Company has a continuing obligation to perform is recognized as revenue over the estimated period of the continuing performance obligation. The Company estimates the performance period at the inception of the arrangement and reevaluates it each reporting period. Management makes its best estimate of the period over which it expects to fulfill the performance obligations, which may include clinical development activities. Given the uncertainties of research and development collaborations, significant judgment is required to determine the duration of the performance period. This reevaluation may shorten or lengthen the period over which the remaining revenue is recognized. Changes to these estimates are recorded on a prospective basis.

License and collaboration agreements with certain third parties also provide for contingent payments to be paid to the Company based solely upon the performance of the partner. For such contingent payments, revenue is recognized upon completion of the milestone event, once confirmation is received from the third party, provided that collection is reasonably assured and the other revenue recognition criteria have been satisfied.

Contract and Other Revenues

Contract revenue for research and development involved the Company providing research and development services to collaborative parties or others. Cost reimbursement revenue under collaborative agreements was recorded as contract and other revenues and was recognized as the related research and development costs were incurred, as provided for under the terms of these agreements. Revenue for certain contracts was accounted for by a proportional performance, or output-based, method where performance was based on estimated progress toward elements defined in the contract. The amount of contract revenue and related costs recognized in each accounting period were based on management's estimates of the proportional performance during the period. Adjustments to estimates based on actual performance were recognized on a prospective basis and did not result in reversal of revenue should the estimate to complete be extended.

Up-front fees associated with contract revenue were recorded as license and collaborative fees and were recognized in the same manner as the final deliverable, which was generally ratably over the period of the continuing performance obligation. Given the uncertainties of research and development collaborations, significant judgment was required to determine the duration of the arrangement.

Royalty revenue and royalty receivables are recorded in the periods these royalty amounts are earned, if estimable and collectability is reasonably assured. The royalty revenue and receivables recorded in these instances are based upon communication with the Company's licensees, historical information and forecasted sales trends.

Sale of Future Revenue Streams

The Company has sold its rights to receive certain milestones and royalties on product sales. In the circumstance where the Company has sold its rights to future milestones and royalties under a license agreement and also maintains limited continuing involvement in the arrangement (but not significant continuing involvement in the generation of the cash flows that are due to the purchaser), the Company defers recognition of the proceeds it receives for the sale of milestone or royalty streams and recognizes such deferred revenue as contract and other revenue over the life of the underlying license agreement. The Company recognizes this revenue under the "units-of-revenue" method. Under this method, amortization for a reporting period is calculated by computing a ratio of the proceeds received from the purchaser to the total payments expected to be made to the purchaser over the term of the agreement, and then applying that ratio to the period's cash payment.

Estimating the total payments expected to be received by the purchaser over the term of such arrangements requires management to use subjective estimates and assumptions. Changes to the Company's estimate of the payments expected to be made to the purchaser over the term of such arrangements could have a material effect on the amount of revenues recognized in any particular period.

Research and Development Expenses

The Company expenses research and development costs as incurred. Research and development expenses consist of direct costs such as salaries and related personnel costs, and material and supply costs, and research-related allocated overhead costs, such as facilities costs. In addition, research and development expenses include costs related to clinical trials. From time to time, research and development expenses may include up-front fees and milestones paid to collaborative partners for the purchase of rights to in-process research and development. Such amounts are expensed as incurred.

Stock-Based Compensation

The Company recognizes compensation expense for all stock-based payment awards made to the Company's employees, consultants and directors that are expected to vest based on estimated fair values. The valuation of stock option awards is determined at the date of grant using the Black-Scholes Option Pricing Model (the "Black-Scholes Model"). The Black-Scholes Model requires inputs such as the expected term of the option, expected volatility and risk-free interest rate. To establish an estimate of expected term, the Company considers the vesting period and contractual period of the award and its historical experience of stock option exercises, post-vesting cancellations and volatility. The estimate of expected volatility is based on the Company's historical volatility. The risk-free rate is based on the yield available on United States Treasury zero-coupon issues corresponding to the expected term of the award.

The Company records compensation expense for service-based awards over the vesting period of the award on a straight-line basis. For awards with performance-based conditions, the Company records the expense over the remaining service period when management determines that achievement of the milestone is probable. Management evaluates when the achievement of a performance-based condition is probable based on the expected satisfaction of the performance conditions as of the reporting date. The amount of stock-based compensation expense recognized during a period is based on the value of the portion of the awards that are ultimately expected to vest.

The valuation of restricted stock units ("RSUs") is determined at the date of grant using the Company's closing stock price.

In January 2017, the Company adopted Accounting Standards Update ("ASU") No. 2016-09,*Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting,* ("ASU 2016-09"). ASU 2016-09 is aimed at the simplification of several aspects of the accounting for employee share-based payment transactions, including accounting for forfeitures, income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. Pursuant to the adoption of ASU 2016-09, the Company has made an election to record forfeitures when they occur. Previously, stock-based compensation was based on the number of awards expected to vest after considering estimated forfeitures. The change in accounting principle with regards to forfeitures was adopted using a modified retrospective approach, and no prior periods were restated as a result of this change in accounting principle. The adoption of ASU 2016-09 did not have a material impact on the Company's consolidated financial statements.

Restructuring and Impairment Charges

Restructuring costs are primarily comprised of severance costs related to workforce reductions, contract termination costs and asset impairments. The Company recognizes restructuring charges when the liability has been incurred, except for employee termination benefits that are incurred over time. Generally, employee termination benefits (i.e., severance costs) are accrued at the date management has committed to a plan of termination and employees have been notified of their termination dates and expected severance payments. Key assumptions in determining the restructuring costs include the terms and payments that may be negotiated to terminate certain contractual obligations and the timing of employees leaving the Company. Other costs, including contract termination costs, are recorded when the arrangement is terminated. Asset impairment charges have been, and will be, recognized when management has concluded that the assets have been impaired.

Warrants

The Company has issued warrants to purchase shares of its common stock in connection with financing activities. The Company accounted for some of these warrants as a liability at fair value and others as equity at fair value. The fair value of the outstanding warrants was estimated using the Black-Scholes Model. The Black-Scholes Model required inputs such as the expected term of the warrants, expected volatility and risk-free interest rate. These inputs were subjective and required significant analysis and judgment to develop. For the estimate of the expected term, the Company used the full remaining contractual term of the warrant. The Company determined the expected volatility assumption in the Black-Scholes Model based on historical stock price volatility observed on the Company's underlying stock. The assumptions associated with contingent warrant liabilities were reviewed each reporting period and changes in the estimated fair value of these contingent warrant liabilities were recognized in revaluation of contingent warrant liabilities within the consolidated statements of comprehensive income (loss).

Income Taxes

The Company accounts for income taxes using the liability method under which deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Valuation allowances are established when necessary to reduce deferred tax assets to the amount which is more likely than not to be realizable.

The recognition, derecognition and measurement of a tax position is based on management's best judgment given the facts, circumstances and information available at each reporting date. The Company's policy is to recognize interest and penalties related to the underpayment of income taxes as a component of income tax expense. To date, there have been no interest or penalties charged in relation to the unrecognized tax benefits.

Net Income (Loss) per Share Available to Common Stockholders

Basic net income (loss) per share available to common stockholders is based on the weighted average number of shares of common stock outstanding during the period. Net income (loss) available to common stockholders consists of net income (loss), as adjusted for the convertible preferred stock deemed dividends related to the beneficial conversion feature on this instrument at issuance. During periods of income, the Company allocates participating securities a proportional share of net income, after deduction of any deemed dividends on preferred stock, determined by dividing total weighted average participating securities by the sum of the total weighted average number of common stock and participating securities (the "two-class method"). The Company's convertible preferred stock participates in any dividends declared by the Company on its common stock and are therefore considered to be participating securities. During periods of loss, the Company allocates no loss to participating securities because they have no contractual obligation to share in the losses of the Company. Diluted net income (loss) per share available to common stockholders is based on the weighted average number of shares outstanding during the period, adjusted to include the assumed conversion of preferred stock, certain stock options, RSUs, and warrants for common stock. The calculation of diluted income (loss) per share available to common stockholders requires that, to the extent the average market price of the underlying shares for the reporting period exceeds the exercise price of the warrants and the presumed exercise of such securities are dilutive to earnings (loss) per share available to common stockholders for the period, adjustments to net income (loss) used in the calculation are required to remove the change in fair value of the warrants for the period. Likewise, adjustments to the denominator are required to reflect the related dilutive shares.

Concentration of Risk

Cash equivalents and receivables are financial instruments which potentially subject the Company to concentrations of credit risk, as well as liquidity risk for certain cash equivalents, such as money market funds. The Company has not encountered any such liquidity issues during 2017.

The Company has not experienced any significant credit losses and does not generally require collateral on receivables. For the three months ended September 30, 2017, one customer represented 98% of total revenues. For the nine months ended September 30, 2017, one customer represented 96% of total revenues. For the three months ended September 30, 2016, three customers represented 51%, 37% and 12% of total revenues, respectively. For the nine months ended September 30, 2016, four customers represented 30%, 21%, 18%, and 10% of total revenues, respectively. As of September 30, 2017, two customers represented 55% and 45% of the trade receivables balance. As of December 31, 2016, one customer represented 85% of the trade receivables balance.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued guidance codified in Accounting Standards Codification ("ASC") 606, *Revenue Recognition — Revenue from Contracts with Customers*, which amends the guidance in ASC 605, *Revenue Recognition*. The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In August 2015, the FASB issued an accounting update to defer the effective date by one year for public entities such that it is now applicable for annual and interim periods beginning after December 15, 2017. ASC 606 also permits two methods of adoption: retrospectively to each prior reporting period presented (full retrospective method), or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (the modified retrospective method). The Company is required to adopt the standard on January 1, 2018. To date, the Company has primarily derived its revenues from various license and collaboration arrangements and sale of future royalties. The consideration the Company is eligible to receive under these agreements includes upfront payments, milestone payments and royalties. Each of the Company's agreements has unique terms that will need to be evaluated separately under ASC 606. The Company is currently assessing its active license and collaboration agreements and sale of future royalty arrangements. The Company is still assessing the impact of the new guidance on its consolidated financial statements, as well as evaluating the disclosure requirements under the new standard. The Company expects to adopt the new standard using the modified retrospective method. While the Company has not completed an assessment of the impact of adoption, the adoption of ASC 606 may have a material effect on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-2 is aimed at making leasing activities more transparent and comparable, and requires substantially all leases be recognized by lessees on their balance sheet as a right-of-use asset and corresponding lease liability, including leases currently accounted for as operating leases. ASU 2016-2 is effective for the Company's interim and annual reporting periods during the year ending December 31, 2019, and all annual and interim reporting periods thereafter. Early adoption is permitted. The Company is evaluating the impact of the adoption of the standard on its consolidated financial statements.

3. Condensed Consolidated Financial Statements Detail

Cash and Cash Equivalents

As of September 30, 2017, cash and cash equivalents consisted of demand deposits of $7.9 million and money market funds of $39.8 million with maturities of less than 90 days at the date of purchase. As of December 31, 2016, cash and cash equivalents consisted of demand deposits of $21.5 million and money market funds of $4.2 million with maturities of less than 90 days at the date of purchase.

Trade and Other Receivables, net

Trade receivables are stated at their net realizable value. Specific allowances are recorded for doubtful accounts or based on other available information. The Company reviews its exposure to accounts receivable, including the requirement for allowances based on management's judgment. The Company has not historically experienced any significant losses.

Trade and other receivables consisted of the following (in thousands):

	September 30, 2017	December 31, 2016
Trade receivables, net	$ 913	$ 474
Other receivables	113	92
Trade and other receivables, net	$ 1,026	$ 566

Property and Equipment, net

Property and equipment, net consisted of the following (in thousands):

	September 30, 2017	December 31, 2016
Equipment and furniture	$ 722	$ 14,023
Leasehold improvements	334	554
	1,056	14,577
Less: Accumulated depreciation and amortization	(959)	(13,541)
Property and equipment, net	$ 97	$ 1,036

During the nine months ended September 30, 2017, the Company completed the sale of equipment and disposal of certain equipment located in one of its leased facilities for total proceeds of $1.6 million. The total carrying value of the equipment sold and disposed of was $0.1 million and $0.5 million during the three and nine months ended September 30, 2017, respectively. Accordingly, the Company recorded a loss of $0.1 million and a gain of $1.1 million on the sale and disposal of equipment in the other income (expense), net in its condensed consolidated statements of comprehensive income (loss) for the three and nine months ended September 30, 2017, respectively.

Accrued and Other Liabilities

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

	September 30, 2017	December 31, 2016
Accrued payroll and other benefits	$ 151	$ 1,582
Accrued clinical trial costs	—	458
Accrued incentive compensation	396	—
Accrued legal and accounting fees	231	385
Deferred rent	746	707
Other	77	1,083
Total	$ 1,601	$ 4,215

Net Income (Loss) Per Share Available to Common Stockholders

The following is a reconciliation of the numerator (net income or loss) and the denominator (number of shares) used in the calculation of basic and diluted net income (loss) per share available to common stockholders (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Numerator				
Net income (loss)	$ 26,344	$ (12,525)	$ 15,915	$ (36,050)
Less: Deemed dividend on convertible preferred stock	—	—	(5,603)	—
Less: Allocation of undistributed earnings to participating securities	(10,306)	—	(3,703)	—
Net income (loss) available to common stockholders, basic	$ 16,038	$ (12,525)	$ 6,609	$ (36,050)
Adjustments to undistributed earnings allocated to participating securities	380	—	60	—
Net income (loss) available to common stockholders, diluted	$ 16,418	$ (12,525)	$ 6,669	$ (36,050)
Denominator				
Weighted average shares outstanding used for basic net income (loss) per share available to common stockholders	7,786	6,029	7,424	6,010
Effect of dilutive stock options	489	—	193	—
Weighted average shares outstanding used for diluted net income (loss) per share available to common stockholders	8,275	6,029	7,617	6,010

Potentially dilutive securities are excluded from the calculation of diluted net income (loss) per share available to common stockholders if their inclusion is anti-dilutive. The following table shows the weighted-average outstanding securities considered anti-dilutive and therefore excluded from the computation of diluted net income (loss) per share available to common stockholders (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Convertible preferred stock (as converted)	—	—	4,160	—
Common stock options and RSUs	313	558	753	549
Warrants for common stock	19	917	139	915
Total	332	1,475	5,052	1,464

4. Collaborative, Licensing and Other Arrangements

Novartis

On September 30, 2015, the Company and Novartis International Pharmaceutical Ltd. ("Novartis") entered into a license agreement (the "License Agreement") under which the Company granted Novartis an exclusive, world-wide, royalty-bearing license to the Company's anti-transforming growth factor beta (TGFβ) antibody program (the "anti-TGFβ Program"). Under the terms of the License Agreement, Novartis has worldwide rights to the anti-TGFβ Program and is responsible for the development and commercialization of antibodies and products containing antibodies arising from the anti-TGFβ Program. Within 90 days of the execution of the License Agreement, the Company completed the transfer of certain proprietary know-how, materials and inventory relating to the anti-TGFβ Program to Novartis.

Under the License Agreement, the Company received a $37.0 million upfront fee. The Company is also eligible to receive up to a total of $480.0 million in development, regulatory and commercial milestones. Any such payments will be treated as contingent consideration and recognized as revenue when they are achieved, as the Company has no performance obligations under the License Agreement beyond the initial 90-day period. During the nine months ended September 30, 2017, Novartis achieved a clinical development milestone pursuant to the License Agreement and, as a result, the Company earned a $10.0 million milestone payment which was recognized as license and collaborative fees in the condensed consolidated statement of comprehensive income (loss).

On August 24, 2017 (the "Effective Date"), the Company and Novartis AG entered into a license agreement (the "XOMA-052 License Agreement") under which the Company granted to Novartis AG an exclusive, worldwide, royalty-bearing license to gevokizumab, a novel anti-Interleukin-1 ("IL-1") beta allosteric monoclonal antibody (the "Antibody") and related know-how and patents (altogether, the "XOMA IP"). Under the terms of the XOMA-052 License Agreement, Novartis AG will be solely responsible for the development and commercialization of the Antibody and products containing the Antibody. Within 90 days of the Effective Date, the Company will transfer certain proprietary know-how, process, materials and inventory relating to the XOMA IP to Novartis AG.

On August 24, 2017, pursuant to a separate agreement (the "IL-1 Beta Target Agreement"), the Company granted to Novartis AG non-exclusive licenses to its intellectual property covering the use of IL-1 beta targeting antibodies in the treatment and prevention of cardiovascular disease and other diseases and conditions, and an option to obtain an exclusive license (the "Exclusivity Option") to such intellectual property for the treatment and prevention of cardiovascular disease. The Company also granted Novartis AG the right of first negotiation with respect to certain transactions relating to the licensed intellectual property.

Under the XOMA-052 License Agreement, the Company received total consideration of $30.0 million for the license and rights granted to Novartis AG. Of the total consideration, $15.7 million was paid in cash and $14.3 million (equal to €12.0 million) was paid by NIBR, on behalf of the Company, to settle the Company's Servier Loan. In addition, NIBR extended the maturity date on the Company's debt to Novartis (see Note 8). The Company also received $5.0 million cash related to the sale of 539,131 shares of the Company's common stock, at a price per share of $9.2742. The fair market value of the common stock issued to Novartis was $4.8 million, based on the closing stock price of $8.93 per share on August 24, 2017, resulting in a $0.2 million premium paid to the Company (see Note 12). Based on the achievement of pre-specified criteria, the Company also is eligible to receive up to $438.0 million in development, regulatory and commercial milestones. The Company is also eligible to receive royalties on sales of licensed products, which are tiered based on sales levels and range from the high single digits to mid-teens. Under the IL-1 Beta Target Agreement, the Company received an upfront cash payment of $10.0 million. In addition, the Company is eligible to receive low single-digit royalties on canakinumab sales in cardiovascular indications. Should Novartis AG exercise the Exclusivity Option, the royalties on canakinumab sales will increase to the mid-single digits.

The XOMA-052 License Agreement and IL-1 Beta Target Agreement are being accounted for as one arrangement because they were entered into at the same time in contemplation of each other. The Company concluded that there are multiple deliverables under the arrangements which consist of (i) the licenses to IL-1 beta targeting antibodies, (ii) the license to gevokizumab antibody and (iii) the transfer of know-how, process, materials and inventory related the gevokizumab antibody. The Company concluded that the license to the gevokizumab antibody and the related transfer of know-how process, materials and inventory each do not have stand-alone value. Accordingly, the Company combined these two deliverables into a single unit of accounting . The Company determined that the Exclusivity Option is a substantive option and not priced at a significant and incremental discount. Therefore, the Company concluded that the Exclusivity Option is not a deliverable.The agreements were evaluated pursuant to the provisions of the multiple-element arrangement guidance in determining how to recognize the revenue associated with each unit of account. The total arrangement consideration received from Novartis AG is $40.2 million and consists of the $25.7 million upfront cash payment, the $14.3 million Servier Loan payoff and the $0.2 million premium on the sale of the common stock. The total arrangement consideration is allocated to each unit of account based on their relative selling prices. Revenue is recognized as the revenue recognition criteria are met for each identified unit of account. During the three months ended September 30, 2017, the Company recognized revenue of $31.9 million related to the licenses to IL-1 beta targeting antibodies and $3.5 million related to the amortization of deferred revenue allocated to the license tothe gevokizumab antibody and transfer of related XOMA IP. As of September 30, 2017, the Company had a current deferred revenue balance of $4.8 million related to the XOMA-052 License Agreement.

The Company determined that future contingent payments that may be received related to development, regulatory and sales milestones under the XOMA-052 License Agreement are based on the performance of Novartis AG and do not meet the definition of substantive milestones under the accounting guidance. Accordingly, revenue for the achievement of these milestones will be recognized in the period when the milestone is achieved. As of September 30, 2017, the Company has not recognized any milestone payments under the XOMA-052 License Agreement. The Company expects to recognize royalty revenue in the period of sale of the related products, based on the underlying contract terms.

Servier

In December 2010, the Company entered into a license and collaboration agreement ("Collaboration Agreement") with Servier, to jointly develop and commercialize gevokizumab in multiple indications. Under the terms of the Collaboration Agreement, Servier had worldwide rights to cardiovascular disease and diabetes indications and had rights outside the United States and Japan to all other indications, including non-infectious intermediate, posterior or pan-uveitis, Behçet's disease uveitis, pyoderma gangrenosum, and other inflammatory and oncology indications. Under the Collaboration Agreement, Servier funded all activities to advance the global clinical development and future commercialization of gevokizumab in cardiovascular-related diseases and diabetes. Also, Servier funded the first $50.0 million of gevokizumab global clinical development and chemistry, manufacturing and controls expenses related to the three pivotal clinical trials under the EYEGUARD program. All remaining expenses related to these three pivotal clinical trials were shared equally between Servier and the Company. On September 28, 2015, Servier notified XOMA of its intention to terminate the Collaboration Agreement, as amended in January 2015, and return the gevokizumab rights to XOMA. The termination, which became effective on March 25, 2016, did not result in a change to the maturity date of the Company's loan with Servier (see Note 8). As the Company was no longer required to provide services to Servier under the Collaboration Agreement, the Company recognized all remaining deferred revenue of $0.6 million from the date of notification to March 25, 2016.

There was no revenue recognized from this Collaboration Agreement for the three months ended September 30, 2017 and 2016. For the nine months ended September 30, 2017 and 2016, the Company recorded revenue of zero and $0.3 million, respectively, from this Collaboration Agreement.

NIAID

In October 2011, the Company announced that NIAID had awarded the Company a new contract under Contract No. HHSN272201100031C (the "NIAID Contract") for up to $28.0 million over five years to develop broad-spectrum antitoxins for the treatment of human botulism poisoning. The contract work was being performed on a cost-plus-fixed-fee basis over the life of the contract and the Company was recognizing revenue under the arrangement as the services were performed on a proportional-performance basis.

In March 2016, the Company effected a novation of the NIAID Contract to Ology Bioservices. The novation was effected upon obtaining government approval to transfer the NIAID Contract to Ology Bioservices pursuant to the asset purchase agreement executed in November 2015 (see Note 6). There was no revenue recognized under this contract for the three months ended September 30, 2017 and 2016, respectively. The Company recognized revenue of zero and $1.1 million under this contract for the nine months ended September 30, 2017 and 2016, respectively.

Sale of Future Revenue Streams

On December 21, 2016, the Company entered into two Royalty Interest Acquisition Agreements (together, the "Acquisition Agreements") with HealthCare Royalty Partners II, L.P. ("HCRP"). Under the first Acquisition Agreement, the Company sold its right to receive milestone payments and royalties on future sales of products subject to a License Agreement, dated August 18, 2005, between XOMA and Wyeth Pharmaceuticals (subsequently acquired by Pfizer, Inc. ("Pfizer")) for an upfront cash payment of $6.5 million, plus potential additional payments totaling $4.0 million in the event three specified net sales milestones are met in 2017, 2018 and 2019. Under the second Acquisition Agreement, the Company sold all rights to royalties under an Amended and Restated License Agreement dated October 27, 2006 between XOMA and Dyax Corp. for a cash payment of $11.5 million.

The Company classified the proceeds received from HCRP as deferred revenue, to be recognized as contract and other revenue over the life of the license agreements because of the Company's limited continuing involvement in the Acquisition Agreements. Such limited continuing involvement is related to the Company's undertaking to cooperate with HCRP in the event of litigation or a dispute related to the license agreements. Because the transaction was structured as a non-cancellable sale, the Company does not have significant continuing involvement in the generation of the cash flows due to HCRP and there are no guaranteed rates of return to HCRP, the Company recorded the total proceeds of $18.0 million as deferred revenue. The Company allocated the total proceeds between the two Acquisition Agreements based on the relative fair value of expected payments to be made to HCRP under the license agreements. The deferred revenue is being recognized as contract and other revenue over the life of the underlying license agreements under the "units-of-revenue" method. Under this method, amortization for a reporting period is calculated by computing a ratio of the allocated proceeds received from HCRP to the payments expected to be made by the licensees to HCRP over the term of the Acquisition Agreements, and then applying that ratio to the period's cash payment. The Company recognized $0.1 million and $0.3 million as contract and other revenue under these arrangements during the three months and nine months ended September 30, 2017, respectively. As of September 30, 2017, the current and non-current portion of the remaining deferred revenue was $0.6 million and $17.1 million, respectively. As of December 31, 2016, the Company classified the $18.0 million as non-current deferred revenue.

5. Fair Value Measurements

The Company records its financial assets and liabilities at fair value. The carrying amounts of certain of the Company's financial instruments, including cash and cash equivalents, trade receivables and accounts payable, approximate their fair value due to their short maturities. Fair value is defined as the exchange price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The accounting guidance for fair value establishes a framework for measuring fair value and a fair value hierarchy that prioritizes the inputs used in valuation techniques. The accounting standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value, which are the following:

Level 1 – Observable inputs, such as quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs, either directly or indirectly, other than quoted prices in active markets for identical assets or liabilities, such as quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities; therefore, requiring an entity to develop its own valuation techniques and assumptions.

The following tables set forth the Company's fair value hierarchy for its financial assets and liabilities measured at fair value on a recurring basis as follows (in thousands):

	Fair Value Measurements at September 30, 2017 Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Money market funds (1)	$ 39,811	$ —	$ —	$ 39,811

	Fair Value Measurements at December 31, 2016 Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Money market funds (1)	$ 4,161	$ —	$ —	$ 4,161

(1) Included in cash and cash equivalents

During the nine-month period ended September 30, 2017, there were no transfers between Level 1, Level 2, or Level 3 assets or liabilities reported at fair value on a recurring basis and the valuation techniques used did not change compared to the Company's established practice.

The estimated fair value of the Company's outstanding interest-bearing obligations is estimated using the net present value of the payments, discounted at an interest rate that is consistent with market interest rates, which is a Level 2 input. The carrying amount and the estimated fair value of the Company's outstanding interest-bearing obligations at September 30, 2017, and December 31, 2016, are as follows (in thousands):

	September 30, 2017		December 31, 2016	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Hercules term loan	$ —	$ —	$ 16,850	$ 16,453
Novartis note	14,322	14,018	14,086	13,836
Servier loan	—	—	12,231	12,242
Total	$ 14,322	$ 14,018	$ 43,167	$ 42,531

6. Dispositions

On November 4, 2015, XOMA and Ology Bioservices entered into an asset purchase agreement under which Ology Bioservices agreed to acquire XOMA's biodefense business and related assets (including, subject to government approval, certain contracts with the U.S. government), and to assume certain liabilities of XOMA. As part of the transaction, the parties entered into an int ellectual property license agreement (the "Ology Bioservices License Agreement"), under which XOMA agreed to license to Ology Bioservices certain intellectual property rights related to the purchased assets. Under the Ology Bioservices s License Agreement, the Company is eligible to receive contingent consideration up to a maximum of $4.5 million in cash and 23,008 shares of common stock of Ology Bioservices, based upon Ology Bioservices achieving certain specified future operational objectives. In addition, the Company is eligible to receive 15% royalties on net sales of any future Ology Bioservices products covered by or involving the related patents or know-how.

On March 17, 2016, the Company effected a novation of the NIAID Contract toOlogy Bioservices. On March 23, 2016, the Company completed the transfer of the NIAID Contract and certain related third-party service contracts and materials, and the grant of exclusive and non-exclusive licenses for certain of its patents and general know-how to Ology Bioservices. The Company believes that the NIAID Contract and certain related third-party service contracts and materials related to the biodefense program transferred to Ology Bioservices include a sufficient number of key inputs and processes necessary togenerate output from a market participant's perspective. Accordingly, the Company has determined that such assets qualify as a business. The transaction had no impact on the Company's consolidated financial statements as of, and for the year ended, December 31, 2016.

In February 2017, the Company executed an Amendment and Restatement to both the asset purchase agreement and Ology Bioservices License Agreement primarily to (i) remove Ology Bioservices' obligation to issue 23,008 shares to the Company of its common stock under the asset purchase agreement, and (ii) revise the payment schedule related to the timing of the $4.5 million cash payments due to the Company under the Ology Bioservices License Agreement. Of the $4.5 million, $3.0 million is contingent upon Ology Bioservices achieving certain specified future operating objectives. In the first quarter of 2017, the Company was entitled to receive $1.6 million under the agreement. During the third quarter of 2017, Ology Bioservices achieved the specified operating objectives and the Company earned the $3.0 million milestone payment. Based on the payment terms pursuant to the amended Ology Bioservices License Agreement, the Company was entitled to receive $4.6 million. Of the $4.6 million, the Company received $0.3 million and $0.7 million during the three and nine months ended September 30, 2017, respectively, which was recognized as other income in the condensed consolidated statements of comprehensive income (loss). As the amended Ology Bioservices License Agreement involves extended payment terms, the remaining $3.9 million, of which $2.7 million is related to the milestone and due in monthly installments and $1.2 million is due in quarterly installments through September 2018, will be recognized as other income as the payments are received.

7. Restructuring Charges

On December 19, 2016, the Board of Directors approved a restructuring of the Company's business based on its decision to focus the Company's efforts on clinical development, with an initial focus on the X358 clinical programs. The restructuring included a reduction-in-force in which the Company terminated 57 employees (the "2016 Restructuring"). In addition, effective December 21, 2016, the Company's Chief Executive Officer retired from his position. In early 2017, the Company further revised its strategy to prioritize out-licensing activities and further curtail research and development spending (the "2017 Restructuring") and terminated five additional employees.

During the three and nine months ended September 30, 2017, the Company recorded a credit of $29,000 and a charge of $3.5 million, respectively, related to severance, other termination benefits and outplacement services in connection with the workforce reductions resulting from the 2017 Restructuring and 2016 Restructuring activities. During the nine months ended September 30, 2017, the Company paid a total of $6.6 million associated with the 2017 Restructuring and 2016 Restructuring activities. Of the remaining accrued restructuring of $0.4 million, the Company expects to pay $0.3 million in the remainder of 2017 and the remaining $0.1 million related to executive severance will continue to be paid through March 2018.

The following table summarizes the accrued restructuring costs on the condensed consolidated balance sheet as of September 30, 2017 (in thousands):

	Employee Severance and Other Benefits
Balance at December 31, 2016	$ 3,594
Restructuring charges, net	3,451
Cash payments	(6,601)
Balance at September 30, 2017	$ 444

8. Long-Term Debt

Novartis Note

In May 2005, the Company executed a secured note agreement (the "Note Agreement") with Novartis AG, which was due and payable in full in June 2015. Under the Note Agreement, the Company borrowed semi-annually to fund up to 75% of the Company's research and development and commercialization costs under its collaboration arrangement with Novartis AG, not to exceed $50.0 million in aggregate principal amount. Interest on the principal amount of the loan accrued at six-month LIBOR plus 2%, which was equal to 3.44% at September 30, 2017 and is payable semi-annually in June and December of each year. Additionally, the interest rate resets in June and December of each year. At the Company's election, the semi-annual interest payments could be added to the outstanding principal amount, in lieu of a cash payment, as long as the aggregate principal amount did not exceed $50.0 million. The Company made this election for all interest payments. Loans under the Note Agreement were secured by the Company's interest in its collaboration with Novartis AG, including any payments owed to it thereunder. Pursuant to the terms of the arrangement as restructured in November 2008, the Company did not make any additional borrowings under the Novartis AG note.

In June 2015, the Company and Novartis Vaccines and Diagnostics, Inc. ("NVDI") agreed to extend the maturity date of the Note Agreement from June 21, 2015, to September 30, 2015 (the "June 2015 Extension Letter"). On September 30, 2015, concurrent with the execution of a license agreement with Novartis, XOMA and NIBR, who assumed the rights to the note from NVDI executed an amendment to the June 2015 Extension Letter (the "Secured Note Amendment") under which the parties further extended the maturity date of the June 2015 Extension Letter from September 30, 2015 to September 30, 2020, and eliminated the mandatory prepayment previously required to be made with certain proceeds of pre-tax profits and royalties. In addition, upon achievement of a specified development and regulatory milestone, the then-outstanding principal amount of the Note Agreement will be reduced by $7.3 million rather than the Company receiving such amount as a cash payment. All other terms of the original Note Agreement remain unchanged.

On September 22, 2017, in connection with the XOMA-052 License Agreement with Novartis AG, the Company and NIBR executed an amendment to the Secured Note Amendment under which the parties further extended the maturity date of the Secured Note Amendment from September 30, 2020 to September 30, 2022. All other terms of the Secured Note Amendment and original Note Agreement remain unchanged. The Company determined that the amendment resulted in a debt modification. As a result, the Secured Note Amendment will continue to be accounted for using the effective interest method, with a new effective interest rate based on revised cash flows calculated on a prospective basis upon the execution of the amendment.

As of September 30, 2017 and December 31, 2016, the outstanding principal balance under the Secured Note Amendment was $14.3 million and $14.1 million, respectively, and was included in interest bearing obligations – non-current in the accompanying consolidated balance sheets.

Servier Loan Agreement

In December 2010, in connection with the Collaboration Agreement entered into with Servier, the Company executed a loan agreement with Servier (the "Servier Loan Agreement"), which provided for an advance of up to €15.0 million. The loan was fully funded in January 2011, with the proceeds converting to approximately $19.5 million. The loan was secured by an interest in XOMA's intellectual property rights to gevokizumab and its use in indications worldwide, excluding certain rights in the U.S. and Japan. Interest was calculated at a floating rate based on a Euro Inter-Bank Offered Rate ("EURIBOR") and subjected to a cap. The interest rate was reset semi-annually in January and July of each year. Interest for the six-month period from mid-January 2017 through mid-July 2017 was reset to 1.77%. Interest for the six-month period from mid-July 2017 through mid-January 2018 was reset to 1.73%. Interest was payable semi-annually.

On January 9, 2015, Servier and the Company entered into Amendment No. 2 (the "Loan Amendment") to the Servier Loan Agreement initially entered into on December 30, 2010 and subsequently amended by a Consent, Transfer, Assumption and Amendment Agreement entered into as of August 12, 2013. The Loan Amendment extended the maturity date of the loan from January 13, 2016 to three tranches of principal to be repaid as follows: €3.0 million on January 15, 2016, €5.0 million on January 15, 2017, and €7.0 million on January 15, 2018. All other terms of the Servier Loan Agreement remained unchanged. The loan would be immediately due and payable upon certain customary events of default. In January 2016, the Company made payments of €3.0 million in principal and €0.2 million in accrued interest to Servier.

In January 2017, the Company entered into Amendment No. 3 to the Servier Loan Agreement (the "Amendment No. 3"). The Amendment No. 3 extended the maturity date of the portion of the loan equal to €5.0 million due on January 15, 2017 to July 15, 2017. The other terms of the Servier Loan Agreement remained unchanged. The Company determined that Amendment No. 3 resulted in a debt modification. As a result, the loan continued to be accounted for using the effective interest method, with a new effective interest rate based on revised cash flows calculated on a prospective basis upon the execution of the Amendment No. 3.

Upon initial issuance, the loan had a stated interest rate lower than the market rate based on comparable loans held by similar companies, which represented additional value to the Company. The Company recorded this additional value as a discount to the carrying value of the loan amount, at its fair value of $8.9 million. The fair value of this discount, which was determined using a discounted cash flow model, represented the differential between the stated terms and rates of the loan, and market rates. Based on the association of the loan with the Collaboration Agreement, the Company recorded the offset to this discount as deferred revenue.

The loan discount was amortized to interest expense under the effective interest method over the remaining life of the loan. The loan discount balance at the time of the Loan Amendment was $1.9 million, which was being amortized over the remaining term of the Loan Amendment. The loan discount balance at the time of Amendment No. 3 was $0.4 million, which was being amortized over the remaining term of the loan. The Company recorded non-cash interest expense resulting from the amortization of the loan discount of $0.2 million and $0.2 million, for the three months ended September 30, 2017 and 2016, respectively. The Company recorded non-cash interest expense resulting from the amortization of the loan discount of $0.4 million and $0.5 million, for the nine months ended September 30, 2017 and 2016, respectively. At December 31, 2016, the net carrying value of the loan was $12.2 million. For the three and nine months ended September 30, 2017, the Company recorded unrealized foreign exchange gains of $4,000 and $25,000, respectively, related to the re-measurement of the loan discount. For the three and nine months ended September 30, 2016, the Company recorded unrealized foreign exchange gains of $6,000 and $26,000, respectively, related to the re-measurement of the loan discount.

The outstanding principal balance under this loan was $12.6 million, using a euro to US dollar exchange rate of 1.052 as of December 31, 2016. The Company recorded unrealized foreign exchange losses of $0.6 million and $1.7 million for the three and nine months ended September 30, 2017, respectively, related to the re-measurement of the loan. The Company recorded an unrealized foreign exchange losses of $0.1 million and $0.4 million for the three and nine months ended September 30, 2016, respectively, related to the re-measurement of the loan.

On August 25, 2017, NIBR settled the Servier Loan in cash by paying directly to Servier $14.3 million which represented the outstanding balance of the loan based on a euro to dollar exchange rate of 1.1932. The funds that NIBR paid directly to Servier were a portion of the upfront payment due to XOMA under the XOMA-052 License Agreement (see Note 4). As a result of the debt being fully paid, the intellectual property securing the Servier Loan Agreement was released. A loss on extinguishment of $0.1 million from the payoff of the loan was recognized in the condensed consolidated statement of comprehensive income (loss) during the three and nine months ended September 30, 2017.

Hercules Term Loan

On February 27, 2015, the Company and Hercules Technology Growth Capital, Inc. ("Hercules") entered into a Loan and Security Agreement (the "Hercules Term Loan"). The Hercules Term Loan had a variable interest rate that was the greater of either (i) 9.40% plus the prime rate as reported from time to time in The Wall Street Journal minus 7.25%, or (ii) 9.40%. The payments under the Hercules Term Loan were interest only until June 1, 2016. The interest-only period was followed by equal monthly payments of principal and interest amortized over a 30-month schedule through the scheduled maturity date of September 1, 2018. As security for its obligations under the Hercules Term Loan, the Company granted a security interest in substantially all of its existing and after-acquired assets, excluding its intellectual property assets.

The Hercules Term Loan included customary affirmative and restrictive covenants, but did not include any financial maintenance covenants, and also included standard events of default, including payment defaults. Upon the occurrence of an event of default, a default interest rate of an additional 5% may have been applied to the outstanding loan balances, and Hercules may have declared all outstanding obligations immediately due and payable and taken such other actions as set forth in the Hercules Term Loan.

The Company incurred debt issuance costs of $0.5 million in connection with theHercules Term Loan. The Company was required to pay a final payment fee equal to $1.2 million on the maturity date, or such earlier date as the term loan was paid in full. The debt issuance costs and final payment feewere being amortized and accreted, respectively, to interest expense over the term of the loan using the effective interest method. The Company recorded non-cash interest expense resulting from the amortization of the debt issuance costs and accretion of the final payment of zero and $0.2 million for the three and nine months ended September 30, 2017, respectively. The Company recorded non-cash interest expense resulting from the amortization of the debt issuance costs and accretion of the final payment of $0.2 million and $0.5 million for the three and nine months ended September 30, 2016, respectively.

As of December 31, 2016, the outstanding principal balance of the Hercules Term Loan was $17.5 million, and the net carrying value was $16.9 million.

On March 21, 2017, the Hercules Term Loan was paid in full and the Company was not required to pay the 1% prepayment charge due pursuant to the terms of the loan. A loss on extinguishment of $0.5 million from the payoff of the Hercules Term Loan was recognized in the condensed consolidated statement of comprehensive income (loss) during the nine months ended September 30, 2017.

In connection with the Hercules Term Loan, the Company issued unregistered warrants that entitle Hercules to purchase up to an aggregate of 9,063 unregistered shares of XOMA common stock at an exercise price equal to $66.20 per share. These warrants were exercisable immediately and have a five-year term expiring in February 2020. The Company allocated the aggregate proceeds of the Hercules Term Loan between the warrants and the debt obligation. The estimated fair value of the warrants issued to Hercules of $0.5 million was determined using the Black-Scholes Model and was recorded as a discount to the debt obligation. The debt discount was being amortized over the term of the loan using the effective interest method. The warrants are classified in stockholders' deficit on the condensed consolidated balance sheets. As of September 30, 2017, all of these warrants were outstanding.

Interest Expense

Amortization of debt issuance costs and discounts are included in interest expense. Interest expense in the condensed consolidated statements of comprehensive income (loss) relates to the following debt instruments (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Hercules term loan	$ —	$ 651	$ 311	$ 2,001
Servier loan	76	223	431	674
Novartis note	126	104	362	299
Other	—	4	4	17
Total interest expense	$ 202	$ 982	$ 1,108	$ 2,991

9. Common Stock Warrants

As of September 30, 2017 and December 31, 2016, the following common stock warrants were outstanding:

Issuance Date	Expiration Date	Balance Sheet Classification	Exercise Price per Share	September 30, 2017	December 31, 2016
March 2012	March 2017	Contingent warrant liability	$ 35.20	—	479,277
September 2012	September 2017	Stockholders' equity (deficit)	$ 70.80	—	1,967
February 2015	February 2020	Stockholders' equity (deficit)	$ 66.20	9,063	9,063
February 2016	February 2021	Stockholders' equity (deficit)	$ 15.40	8,249	8,249
				17,312	498,556

In March 2012, in connection with an underwritten offering, the Company issued five-year warrants to purchase 741,729 shares of the Company's common stock at an exercise price of $35.20 per share. These warrants contained provisions that were contingent on the occurrence of a change in control, which could conditionally obligate the Company to repurchase the warrants for cash in an amount equal to their estimated fair value using the Black-Scholes Model on the date of such change in control. Due to these provisions, the Company accounted for the warrants issued in March 2012 as a liability at estimated fair value. In addition, the estimated fair value of the liability related to the warrants was revalued at each reporting period until the earlier of the exercise of the warrants, at which time the liabilitywould be reclassified to stockholders'(deficit) equity at its then estimated fair value, or expiration of the warrants. In March 2017, all of these warrants expired unexercised.

10. Legal Proceedings, Commitments and Contingencies

Collaborative Agreements, Royalties and Milestone Payments

The Company has committed to make potential future "milestone" payments to third parties as part of licensing and development programs. Payments under these agreements become due and payable only upon the achievement of certain developmental, regulatory and commercial milestones by the Company's licensees. Because it is uncertain if and when these milestones will be achieved, such contingencies, aggregating up to $15.5 million (assuming one product per contract meets all milestones events) have not been recorded on the accompanying consolidated balance sheets. The Company is unable to determine precisely when and if payment obligations under the agreements will become due as these obligations are based on milestone events, the achievement of which is subject to a significant number of risks and uncertainties.

Lease Agreement

The Company leases facilities and office equipment under operating leases expiring on various dates through April 2023. These leases require the Company to pay taxes, insurance, maintenance and minimum lease payments. For each facility lease, the Company has two successive renewal options to extend the lease for five years upon the expiration of the initial lease term.

In September 2017, the Company entered into a lease agreement for an office facility in Emeryville, California. The lease has a term of 63 months and commenced on October 1, 2017. Under the lease agreement the Company will make total lease payments of $1.3 million through November 2022. The Company accounts for the new lease as an operating lease.

Legal Proceedings

On July 24, 2015, a purported securities class action lawsuit was filed in the United States District Court for the Northern District of California, captioned*Markette v. XOMA Corp., et al.* (Case No. 3:15-cv-3425) against the Company, its Chief Executive Officer and its Chief Medical Officer. The complaint asserts that all defendants violated Section 10(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and SEC Rule 10b-5, by making materially false or misleading statements regarding the Company's EYEGUARD-B study between November 6, 2014 and July 21, 2015. The plaintiff also alleges that Messrs. Varian and Rubin violated Section 20(a) of the Exchange Act. The plaintiff seeks class certification, an award of unspecified compensatory damages, an award of reasonable costs and expenses, including attorneys' fees, and other further relief as the Court may deem just and proper. On May 13, 2016, the Court appointed a lead plaintiff and lead counsel. The lead plaintiff filed an amended complaint on July 8, 2016 asserting the same claims and adding a former director as a defendant. On September 2, 2016, the defendants filed a motion to dismiss with prejudice the amended complaint. The plaintiff filed his opposition to the motion to dismiss on October 7, 2016. The defendants filed a reply on October 21, 2016. The judge in the case has advised that he will rule on the motion based on those pleadings, but has not yet issued a ruling. On May 26, 2017, the judge ordered supplemental briefing on the motion to dismiss based on a recent decision issued in the United States Court of Appeals for the Ninth Circuit, City of Dearborn Heights Act 345 Police & Retirement Sys. v. Align Tech., Inc., 2017 WL 1753276 (9th Cir. May 5, 2017). The parties filed supplemental briefs on June 9, 2017. On September 28, 2017, the Court granted defendants' motion to dismiss with leave to amend. On October 24, 2017, the parties filed a Joint Stipulation, agreeing to dismiss the action. On October 25, 2017, the Court granted the Stipulation, issuing an Order of Dismissal. The Order dismisses the action with prejudice with respect to the named Plaintiff's individual claims and without prejudice with respect to unnamed class members.

On October 1, 2015, a stockholder purporting to act on the behalf of the Company, filed a derivative lawsuit in the Superior Court of California for the County of Alameda, purportedly asserting claims on behalf of the Company against certain of its officers and the members of Board of Directors of the Company, captioned *Silva v. Scannon, et al.* (Case No. RG15787990). The lawsuit asserts claims for breach of fiduciary duty, corporate waste and unjust enrichment based on the dissemination of allegedly false and misleading statements related to the Company's EYEGUARD-B study. The plaintiff is seeking unspecified monetary damages and other relief, including reforms and improvements to the Company's corporate governance and internal procedures. This action has been stayed pending further developments in the securities class action. Management believes that the allegations have no merit and intends to vigorously defend against the claims. Currently, the Company does not believe that the outcome of this matter will have a material adverse effect on its business or financial condition. The Company cannot reasonably estimate the possible loss or range of loss that may arise from this lawsuit.

On November 16 and November 25, 2015, two derivative lawsuits were filed purportedly on the Company's behalf in the United States District Court for the Northern District of California, captioned *Fieser v. Van Ness, et al.* (Case No. 4:15-CV-05236-HSG) and *Csoka v. Varian, et al.* (Case No. 3:15-cv-05429-SI), against certain of the Company's officers and members of its Board of Directors. The lawsuits assert claims for breach of fiduciary duty and other violations of law based on the dissemination of allegedly false and misleading statements related to the Company's EYEGUARD-B study. Plaintiffs seek unspecified monetary damages and other relief including reforms and improvements to the Company's corporate governance and internal procedures. Both actions have been stayed pending further developments in the securities class action. Management believes the allegations have no merit and intends to vigorously defend against the claims. Currently, the Company does not believe that the outcome of this matter will have a material adverse effect on its business or financial condition. The Company cannot reasonably estimate the possible loss or range of loss that may arise from this lawsuit.

11. Stock-based Compensation

The Company grants qualified and non-qualified stock options, RSUs, common stock and other stock-based awards under various plans to directors, officers, employees and other individuals. Stock options are granted at exercise prices of not less than the fair market value of the Company's common stock on the date of grant. Additionally, the Company has an Employee Stock Purchase Plan ("ESPP") that allows employees to purchase Company shares at a purchase price equal to 85% of the lower of the fair market value of the Company's common stock on the first trading day of the offering period or on the last day of the offering period.

In February 2017, the Compensation Committee and the Board of Directors adopted, and in May 2017, the Company's stockholders approved, an amendment to the Company's Amended and Restated 2010 Long Term Incentive and Stock Award Plan (the "Long Term Incentive Plan"). The amendment (a) increases the number of shares of common stock issuable over the term of the plan by an additional 1,470,502 to 2,579,062 shares in the aggregate; (b) increases the number of shares of common stock issuable under the plan as incentive stock options by an additional 2,004,087 to 2,579,062 shares; (c) increases the per person award limits for purposes of compliance with Section 162(m) of the Internal Revenue Code to 2,000,000 shares for options and stock appreciation rights and to 2,000,000 shares for other types of stock awards; and (d) for purposes of Section 162(m) (i) confirms existing performance criteria upon which performance goals may be based with respect to performance awards under the Long Term Incentive Plan, and (ii) confirms existing means of adjustment when calculating the attainment of performance goals for performance awards granted under the Long Term Incentive Plan.

In February 2017, the Compensation Committee and the Board of Directors adopted, and in May 2017, the Company's stockholders approved, an amendment to the Company's 2015 ESPP. The amendment (a) increases by 250,000 the shares of common stock (from 15,000 shares to a total of 265,000 shares) available for issuance under the 2015 ESPP; and (b) increases the maximum number of shares of common stock an employee may purchase in any offering period to 2,500.

Stock Options

In February 2017, the Board of Directors approved a grant of 1,018,000 stock options to members of the Board of Directors, executives, and non-executive employees, subject to approval by the Company's stockholders of an increase in the available shares under the Long Term Incentive Plan at the 2017 Annual Meeting of Stockholders. In May 2017, the shareholders approved the increase in the number of shares available for issuance under the Company's Long Term Incentive Plan and 998,000 stock options were issued upon approval. As such, the stock options approved for grant in February 2017 were not deemed granted for accounting purposes until May 2017. The stock options granted to the non-employee board members and non-executive employees vest monthly over three years from the grant date. The stock options granted to the executives contain a combination of time-based and corporate performance-based vesting conditions. Stock-based compensation expense associated with the corporate performance-based stock options is recognized if the performance condition is considered probable of achievement using management's best estimates. As of September 30, 2017, the achievement of certain corporate-based milestones was deemed probable and therefore the related expense is being recognized over the remaining service period. During the three and nine months ended September 30, 2017, the Company recognized stock-based compensation expense of $0.5 million and $0.7 million, respectively, related to stock options with performance-based vesting criteria.

The stock options generally vest monthly over three to four years for employees and one year for directors. Stock options held by employees who qualify for retirement age (defined as employ ees that are a minimum of 55 years of age and the sum of their age plus years of full-time employment with the Company exceeds 70 years) vest on the earlier of scheduled vest date or the date of retirement. The fair value of the stock options granted during the three and nine months ended September 30, 2017 and 2016, was estimated based on the following weighted average assumptions:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Dividend yield	0 %	0 %	0 %	0 %
Expected volatility	100 %	102 %	100 %	103 %
Risk-free interest rate	1.88 %	1.13 %	1.79 %	1.14 %
Expected term	5.6 years	5.6 years	5.6 years	5.6 years

Stock option activity for the nine months ended September 30, 2017, was as follows:

	Options	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding at January 1, 2017	568,292	$ 77.70		
Granted	1,095,722	5.08		
Exercised	(6,458)	4.50		
Forfeited, expired or cancelled	(189,141)	58.28		
Outstanding at September 30, 2017	1,468,415	$ 26.33	$ 8.56	$ 17,448
Exercisable at September 30, 2017	399,969	$ 81.48	$ 6.39	$ 2,120

Of the stock options outstanding as of September 30, 2017, 412,500 were granted subject to performance objectives tied to the achievement of corporate goals set by the Compensation Committee of the Company's Board of Directors and will vest in full or part based on achievement of such goals. As of September 30, 2017, the Company did not consider achievement of certain of the performance objectives to be probable and therefore the Company did not include any stock-based compensation expense for those stock options. As of September 30, 2017, the grant date fair value of awards outstanding for which the Company determined that it was not probable that it will achieve the goals was $0.7 million.

Restricted Stock Units

RSUs generally vest annually over three years for employees and one year for directors. RSUs held by employees who qualify for retirement age (defined as employees that are a minimum of 55 years of age and the sum of their age plus years of full-time employment with the Company exceeds 70 years) vest on the earlier of scheduled vest date or the date of retirement. The valuation of RSUs is determined at the date of grant using the closing stock price.

RSU activity for the nine months ended September 30, 2017, is summarized below:

	Number of Shares	Weighted-Average Grant-Date Fair Value
Unvested at January 1, 2017	91,228	$ 39.82
Granted	11,799	$ 4.67
Vested	(60,886)	$ 37.12
Forfeited	(22,142)	$ 45.45
Unvested at September 30, 2017	19,999	$ 21.04

Stock-based Compensation Expense

The following table shows total stock-based compensation expense for stock options, RSUs and ESPP in the condensed consolidated statements of comprehensive income (loss) (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Research and development	$ 102	$ 802	$ 774	$ 2,796
General and administrative	1,936	927	4,119	3,404
Total stock-based compensation expense	$ 2,038	$ 1,729	$ 4,893	$ 6,200

12. Capital Stock

Biotechnology Value Fund Financing

In February 2017, the Company sold 1,200,000 shares of its common stock and 5,003 shares of Series X convertible preferred stock directly to Biotechnology Value Fund, L.P. and certain of its affiliates (“BVF”) in a registered direct offering, for aggregate net cash proceeds of $24.9 million.

BVF purchased the shares of common stock from the Company at a price of $4.03 per share, the closing stock price on the date of purchase. Each share of Series X convertible preferred stock has a stated value of $4,030 per share and is convertible into 1,000 shares of registered common stock based on a conversion price of $4.03 per share of common stock. The total number of shares of common stock issued upon conversion of all issued Series X convertible preferred stock will be 5,003,000 shares. Each share is convertible at the option of the holder at any time, provided that the holder will be prohibited from converting into common stock if, as a result of such conversion, the holder, together with its affiliates, would beneficially own a number of shares above a conversion blocker, which is initially set at 19.99% of the total common stock then issued and outstanding immediately following the conversion of such shares. As of September 30, 2017, BVF owned approximately 18.5% of the Company’s total outstanding shares, and if all of the Series X convertible preferred shares were converted, BVF would own 49.5% of the Company’s total outstanding common shares. As of September 30, 2017, none of the preferred stock has been converted into shares of the Company’s common stock.

The designations, preferences, rights and limitations of the convertible preferred shares are set forth in a Certificate of Designation of Preferences, Rights and Limitations of Series X convertible preferred stock filed with the Delaware Secretary of State. Shares of Series X convertible preferred stock will generally have no voting rights, except as required by law and except that the consent of the holders of the outstanding Series X convertible preferred stock will be required to amend the terms of the Series X preferred stock and to approve certain corporate actions. In the event of the Company's liquidation, dissolution or winding up, holders of Series X convertible preferred stock will participate, on a pro-rata basis, with any distribution of proceeds to holders of common stock. Holders of Series X convertible preferred stock are entitled to receive dividends on shares of Series X convertible preferred stock equal (on an as if converted to common stock basis) to and in the same form as dividends actually paid on the Company's common stock or other junior securities.

The Company evaluated the Series X convertible preferred stock for liability or equity classification under the applicable accounting guidance, and determined that equity treatment was appropriate because the Series X convertible preferred stock did not meet the definition of the liability instruments defined thereunder for convertible instruments. Specifically, the Series X convertible preferred shares are not mandatorily redeemable and do not embody an obligation to buy back the shares outside of the Company's control in a manner that could require the transfer of assets. Additionally, the Company determined that the Series X convertible preferred stock would be recorded as permanent equity, not temporary equity, based on the relevant guidance given that they are not redeemable for cash or other assets (i) on a fixed or determinable date, (ii) at the option of the holder, and (iii) upon the occurrence of an event that is not solely within control of the Company.

The Company has also evaluated the embedded conversion and redemption features within the Series X convertible preferred stock in accordance with the accounting guidance for derivatives. Based on this assessment, the Company determined that the conversion option is clearly and closely related to the equity host, and thus, bifurcation is not required. The contingent redemption feature was determined to not be clearly and closely related to the equity-like host; however, it met the criteria as a scope exception for derivative accounting. Therefore, the contingent redemption feature was also not bifurcated from the Series X convertible preferred stock.

The fair value of the common stock into which the Series X convertible preferred stock is convertible exceeded the allocated purchase price of the Series X convertible preferred stock by $5.6 million on the date of issuance, as such the Company recorded a deemed dividend. The Company recognized the resulting beneficial conversion feature as a deemed dividend equal to the number of shares of Series X convertible preferred stock sold on February 16, 2017 multiplied by the difference between the fair value of the common stock and the Series X convertible preferred stock effective conversion price per share on that date. The dividend was reflected as a one-time, non-cash, deemed dividend to the holders of Series X convertible preferred stock on the date of issuance, which is the date the stock first became convertible.

ATM Agreements

On November 12, 2015, the Company entered into an At Market Issuance Sales Agreement (the "2015 ATM Agreement") with Cowen and Company, LLC ("Cowen"), under which the Company may offer and sell from time to time at its sole discretion shares of its common stock through Cowen as its sales agent, in an aggregate amount not to exceed $75 million. Cowen may sell the shares by any method permitted by law deemed to be an "at the market" offering as defined in Rule 415 of the Securities Act, including without limitation sales made directly on The NASDAQ Global Market, on any other existing trading market for the Company's common stock or to or through a market maker. Cowen also may sell the shares in privately negotiated transactions, subject to the Company's prior approval. The Company will pay Cowen a commission equal to 3% of the gross proceeds of the sales price of all shares sold through it as sales agent under the 2015 ATM Agreement. For the nine months ended September 30, 2017, the Company sold a total of 110,252 shares of common stock under the ATM Agreement for aggregate gross proceeds of $0.6 million. Total offering costs of $0.2 million were offset against the proceeds upon sale of common stock.

Common Stock Purchase Agreement

In August 2017, in connection with the XOMA-052 License Agreement, the Company and Novartis AG entered into a Common Stock Purchase Agreement under which Novartis AG purchased 539,131 shares of the Company's common stock , at a price per share of $9.2742 for the aggregate purchase price of $5.0 million in cash. The fair market value of the common stock issued to Novartis AG was $4.8 million, based on the closing stock price of $8.93 per share on the effective date of the Common Stock Purchase Agreement, or August 24, 2017. The excess of the purchase price over the fair market value of the common stock represents a premium of $0.2 million which was accounted for as additional consideration to the license agreements (See Note 4 for further discussion). The shares issued to Novartis AG are unregistered securities and the Company agreed to use commercially reasonable efforts to make and keep public information available and timely file all reports and other documents with the SEC as required of the Company under the Securities Exchange Act of 1934, as amended. If, after the six month anniversary of the closing of the Common Stock Purchase Agreement, the shares of common stock continue to be restricted securities for purposes of Rule 144 under the Securities Act of 1933, as amended (the "Securities Act"), upon a request by Novartis, the Company will use commercially reasonable efforts to register the shares for resale under the Securities Act on a registration statement on Form S-3, to be filed within 60 days of the written request, and will use commercially reasonable efforts to keep such registration statement continuously effective under the Securities Act until the date all of the shares of common stock covered by such registration statement have been sold or can be sold publicly without restriction or limitation under Rule 144.

13. Income Taxes

The Company's provision for income taxes for the three and nine months ended September 30, 2017 differs from the amounts computed by multiplying the federal statutory rate by income before taxes primary due to a reduction in the valuation allowance and the use of a tax credit carryforward. The Company is subject to an ownership change pursuant to IRC Section 382 which occurred in February 2017 which significantly limits its ability to further use its net operating loss carryforwards against its 2017 taxable income. Due to ongoing losses, the Company did not record a provision for income taxes for any period in 2016.

Accounting standards provide for the recognition of deferred tax assets if realization of such assets is more likely than not. Based upon the weight of available evidence, which includes the Company's historical operating performance and carry-back potential, the Company has determined that its total deferred tax assets should be fully offset by a valuation allowance as of September 30, 2017 and December 31, 2016.

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

Forward Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and the Private Securities Litigation Reform Act of 1995, which are subject to the "safe harbor" created by those sections. Forward-looking statements are based on our management's beliefs and assumptions and on information currently available to them. In some cases you can identify forward-looking statements by words such as "may," "will," "should," "could," "would," "expects," "plans," "anticipates," "believes," "estimates," "projects," "predicts," "potential," "intend" and similar expressions intended to identify forward-looking statements. Examples of these statements include, but are not limited to, statements regarding: the sufficiency of our cash resources, our future operating expenses, our future losses, our future expenditures for research and development, our ability to consummate our proposed agreement with Servier, the progress of our research programs, including clinical testing, the extent to which our issued and pending patents may protect our products and technology, our ability to identify new product candidates, the potential of such product candidates to lead to the development of commercial products, our ability to receive potential milestone or royalty payments under collaboration agreements and the timing of receipt of those payments, the timing and adequacy of cost-cutting measures, and our ability to defend against claims that have been made in litigation. These statements are based on assumptions that may not prove accurate. Actual results could differ materially from those anticipated due to certain risks inherent in the biotechnology industry and for companies engaged in the development of new products in a regulated market. Among other things: our product candidates are still being developed, and we will require substantial funds to continue development which may not be available; we may not realize the expected benefits of our cost-saving initiatives; we may not be successful in entering into out-license agreements for our product candidates; if our therapeutic product candidates do not receive regulatory approval, neither our third-party licensees, our contract manufacturers nor we will be able to manufacture and market them; products or technologies of other companies may render some or all of our product candidates noncompetitive or obsolete; we do not know whether there will be, or will continue to be, a viable market for the products in which we have an ownership or royalty interest; we may not obtain orphan drug exclusivity or we may not receive the full benefit of orphan drug exclusivity even if we obtain such exclusivity; even once approved, a product may be subject to additional testing or significant marketing restrictions, its approval may be withdrawn or it may be voluntarily taken off the market; we and our licensees are subject to various state and federal healthcare related laws and regulations that may impact the commercialization of our product candidates and could subject us to significant fines and penalties; and certain of our technologies are in-licensed from third parties, so our capabilities using them are restricted and subject to additional risks. These and other risks, including those related to current economic and financial market conditions, are contained principally in Part II, Item 1A of this Quarterly Report on Form 10-Q and our other filings with the SEC. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this Quarterly Report on Form 10-Q. You should read this Quarterly Report on Form 10-Q completely and with the understanding that our actual future results may be materially different from those we expect. Except as required by law, we assume no obligation to update these forward-looking statements, whether as a result of new information, future events or otherwise.

The following discussion and analysis should be read in conjunction with the unaudited financial statements and notes thereto included in Part I, Item 1 of this Quarterly Report on Form 10-Q and with the audited consolidated financial statements and related notes thereto included as part of our Annual Report on Form 10-K for the year ended December 31, 2016.

Overview

XOMA Corporation ("XOMA", "we", or "us"), a Delaware corporation, has a long history of discovering and developing innovative therapeutics derived from its unique platform of antibody technologies. We have historically advanced product candidates into the earlier stages of development and then sought to license product candidates to licensees who assume the responsibilities of later stage development, approval and commercialization.

In 2016, we dedicated our research and development efforts to advancing our portfolio of product candidates that have the potential to treat a variety of endocrine diseases, including advancing the development of X358 for the treatment of congenital hyperinsulinism ("CHI") and hypoglycemia in hyperinsulinemic patients post-bariatric surgery ("PBS"). In addition, we have historically licensed our antibody technologies on a non-exclusive basis to other companies who desire to access the antibody platform for their own discovery efforts. In March 2017, we revised our strategy to instead focus on building out our portfolio of programs that are fully funded by other biotechnology and pharmaceutical companies and for which milestone and royalty payments are potentially due. The result is a focus on out-licensing our un-partnered product candidates to partners who will continue the development and commercialization of these assets. We expect that a significant portion of any future revenue will be based on payments we may receive from our licensees. In addition, we intend to acquire potential milestone and royalty revenue streams on additional assets.

Recent Business Developments

Novartis License Agreement

On August 24, 2017 (the "Effective Date"), we entered into a license agreement (the "XOMA-052 License Agreement") with Novartis Pharma AG ("Novartis AG") under which we granted to Novartis AG an exclusive, worldwide, royalty-bearing license to gevokizumab, a novel anti-Interleukin-1 (IL-1) beta allosteric monoclonal antibody (the "Antibody") and related know-how and patents (altogether, the "XOMA IP"). Within 90 days of the Effective Date, we will transfer certain proprietary know-how, process, materials and inventory relating to the XOMA IP to Novartis AG.

On August 24, 2017, pursuant to a separate agreement (the "IL-1 Beta Target Agreement"), we granted to Novartis AG non-exclusive licenses to its intellectual property covering the use of IL-1 beta targeting antibodies in the treatment of cardiovascular disease and other diseases and conditions, and an exclusive option to obtain an exclusive license to such intellectual property for the treatment of cardiovascular disease. We also granted Novartis AG the right of first negotiation with respect to certain transactions relating to the licensed intellectual property.

Under the XOMA-052 License Agreement, we received a total consideration of $30.0 million for the license and rights granted to Novartis AG. Of the total consideration, $15.7 million was paid in cash and $14.3 million (equal to €12.0 million) was paid by Novartis Institutes for BioMedical Research, Inc. ("NIBR"), on behalf of the Company, to settle the Company's debt to Les Laboratories Servier ("Servier Loan"). We also received $5.0 million cash related to the sale of 539,131 shares of our common stock. Based on the achievement of pre-specified criteria, we are eligible to receive up to $438.0 million in development, regulatory and commercial milestones. We are also eligible to receive royalties on sa les of licensed products, which are tiered based on sales levels and range from the high single digits to mid-teens. Under the IL-1 Beta Target Agreement, we received a $10.0 million upfront payment and are eligible to receive low-single-digit royalties on canakinumab sales in cardiovascular indications. We also granted to Novartis AG an exclusive option to convert its non-exclusive license with respect to cardiovascular indications into an exclusive license. Should Novartis AG exercise this option, the royalties on canakinumab sales will increase to the mid-single digits.

On September 22, 2017, in connection with the XOMA-052 License Agreement with Novartis AG, we and NIBR executed an amendment to the Secured Note Amendment under which the parties extended the maturity date of the Secured Note Amendment from September 30, 2020 to September 30, 2022.

Equity Financing

In February 2017, we sold 1,200,000 shares of our common stock and 5,003 shares of Series X convertible preferred stock directly to Biotechnology Value Fund, L.P. and certain of its affiliates ("BVF") in a registered direct offering, for aggregate net proceeds of $24.9 million. BVF purchased the shares of our common stock at a price of $4.03 per share, the closing stock price on the date of purchase. Each share of Series X convertible preferred stock has a stated value of $4,030 per share and is convertible into 1,000 shares of registered common stock based on a conversion price of $4.03 per share of common stock. The total number of shares of common stock issued upon conversion of all issued Series X convertible preferred stock will be 5,003,000 shares. Each share is convertible at the option of the holder at any time, provided that the holder will be prohibited from converting into common stock if, as a result of such conversion, the holder, together with its affiliates, would beneficially own a number of shares above a conversion blocker, which is initially set at 19.99% of the total common stock then issued and outstanding immediately following the conversion of such shares.

The fair value of the common stock into which the Series X convertible preferred stock is convertible exceeded the allocated purchase price of the Series X convertible preferred stock by $5.6 million on the date of issuance, as such we recorded a deemed dividend. We recognized the resulting beneficial conversion feature as a deemed dividend equal to the number of shares of Series X convertible preferred stock sold on February 16, 2017 multiplied by the difference between the fair value of the common stock and the Series X convertible preferred stock effective conversion price per share on that date. The dividend was reflected as a one-time, non-cash, deemed dividend to the holders of Series X convertible preferred stock on the date of issuance, which is the date the stock first became convertible.

Hercules Term Loan

On March 21, 2017, we paid off our outstanding principal balance, final payment fee and accrued interest amounts totaling $6.5 million under our loan and security agreement with Hercules Technology Growth Capital, Inc. ("Hercules").

Servier Loan

In January 2017, we entered into Amendment No. 3 to the Servier Loan. Amendment No. 3 extended the maturity date of the portion of the loan equal to €5.0 million due on January 15, 2017 to July 15, 2017. The other terms of the loan remained unchanged.

In August 2017, in connection with the XOMA-052 License Agreement, the Servier Loan balance of €12.0 million was paid in full.

Asset Purchase Agreement and License Agreement with Ology Bioservices, Inc.

In February 2017, we executed an Amendment and Restatement to both the asset purchase agreement and license agreement with Ology Bioservices, Inc. ("Ology Bioservices") (formerly known as Nanotherapeutics, Inc.) primarily to (i) remove the obligation to issue 23,008 shares of common stock of Ology Bioservices under the asset purchase agreement, and (ii) revise the payment schedule related to the timing of the $4.5 million cash payments due to us under the license agreement. Of the $4.5 million, $3.0 million was a milestone contingent upon Ology Bioservices achieving certain specified future operating objectives which were achieved in August 2017. During the nine months ended September 30, 2017, we received a total of $0.7 million, which was recognized as other income in the condensed consolidated statement of comprehensive income (loss) for the nine months ended September 30, 2017. As the amended license agreement involves extended payment terms, the remaining $3.9 million, of which $2.7 million related to the milestone is due in monthly installments and $1.2 million is due in quarterly installments through September 2018 will be recognized as other income as the payments are received.

Termination of Novo Nordisk A/S License Agreement

On April 20, 2017, we received notice from Novo Nordisk A/S regarding the termination of its Exclusive License Agreement with us due to strategic and business reasons. The termination of the Exclusive License Agreement became effective on July 20, 2017 in accordance with Section 10.2 of the Exclusive License Agreement.

Certain Factors Important to Understanding Our Financial Condition and Results of Operations

We have historically specialized in the discovery and development of innovative antibody-based therapeutics. In 2016, we dedicated our research and development efforts to advancing our portfolio of product candidates that have the potential to treat a variety of endocrine diseases, including advancing the development of X358 in CHI and hypoglycemia in hyperinsulinemic patients PBS. We have recently refined our business strategy to prioritize out-licensing of our internally developed product candidates while reducing further internal expenditures for research and development. Our long-term prospects depend upon the ability of our partners to successfully commercialize new therapeutics. Our financial performance is driven by many factors and is subject to the risks set forth in Part II, Item 1A - Risk Factors.

Critical Accounting Policies

Critical accounting policies are those that require significant judgment and/or estimates by management at the time that the financial statements are prepared such that materially different results might have been reported if other assumptions had been made. We consider certain accounting policies including, but not limited to, those related to revenue recognition, research and development expense, contingent warrant liabilities, and stock-based compensation to be critical policies. Except for the issuance of performance-based equity awards, as described below and in Note 2 and Note 11 to the Condensed Consolidated Financial Statements, there have been no significant changes in our critical accounting policies during the nine months ended September 30, 2017, as compared with those previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2016, filed with the SEC on March 16, 2017.

Stock-Based Compensation

Stock-based compensation expense for stock options and other stock awards is estimated at the grant date based on the award's fair value-based measurement. The valuation of stock-based compensation awards is determined at the date of grant using the Black-Scholes option pricing model (the "Black-Scholes Model"). This model requires highly complex and subjective inputs, such as the expected term of the option, expected volatility, and risk-free interest rate. These inputs are subjective and generally require significant analysis and judgment to develop. Our current estimate of volatility is based on the historical volatility of our stock price. To the extent volatility in our stock price increases in the future, our estimates of the fair value of options granted in the future could increase, thereby increasing stock-based compensation cost recognized in future periods. To establish an estimate of expected term, we consider the vesting period and contractual period of the award and our historical experience of stock option exercises, post-vesting cancellations and volatility. The risk-free rate is based on the yield available on United States Treasury zero-coupon issues. In January 2017, pursuant to the adoption of Accounting Standards Update No. 2016-09, *Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*, we made an election to record forfeitures when they occur.

We review our valuation assumptions quarterly and, as a result, we likely will change our valuation assumptions used to value stock-based awards granted in future periods. In the future, as additional empirical evidence regarding these input estimates becomes available, we may change or refine our approach of deriving these input estimates. These changes could impact our fair value-based measurement of stock options granted in the future. Changes in the fair value-based measurement of stock awards could materially impact our operating results.

For our stock options and service-based awards, we recognize compensation expense on a straight-line basis over the award's vesting period. In May 2017, we granted to certain employees equity awards with performance-based conditions. The actual number of equity awards earned and eligible to vest will be determined based on a specified level of achievement against a Board-approved budget. For awards with performance-based conditions, we record the expense over the remaining service period when management determines that achievement of the milestone is probable. Management evaluates when the achievement of a performance-based condition is probable based on the expected satisfaction of the performance conditions as of the reporting date. The amount of stock-based compensation expense recognized during a period is based on the value of the portion of the awards that are ultimately expected to vest.

Results of Operations

Revenues

Total revenues for the three and nine months ended September 30, 2017 and 2016, were as follows (in thousands):

	Three Months Ended September 30,		Increase	Nine Months Ended September 30,		Increase
	2017	2016	(Decrease)	2017	2016	(Decrease)
License and collaborative fees	$ 36,068	$ 430	$ 35,638	$ 46,993	$ 3,196	$ 43,797
Contract and other	115	205	(90)	340	1,844	(1,504)
Total revenues	$ 36,183	$ 635	$ 35,548	$ 47,333	$ 5,040	$ 42,293

License and Collaborative Fees

License and collaborative fees include fees and milestone payments related to the out-licensing of our product candidates and technologies. The increase in license and collaborative fee revenue for the three and nine months ended September 30, 2017, as compared to the same periods of 2016, was primarily due to $35.4 million of license and collaborative fee revenue recognized in connection with the license agreements with Novartis AG and a $10.0 million milestone earned under our license agreement with Novartis International Pharmaceutical Ltd. for which there were no comparable revenues recognized in 2016.

Contract and Other Revenues

Contract and other revenues include agreements where we provided contracted research and development services to our contract and collaboration partners, including Servier and NIAID. Contract and other revenues also include royalties. The following table shows the activity in contract and other revenues for the three and nine months ended September 30, 2017 and 2016 (in thousands):

	Three Months Ended September 30,		Increase	Nine Months Ended September 30,		Increase
	2017	2016	(Decrease)	2017	2016	(Decrease)
NIAID	$ —	$ —	$ —	$ —	$ 1,082	$ (1,082)
Servier	—	—	—	—	307	(307)
Royalties and other revenue	115	205	(90)	340	455	(115)
Total contract and other revenues	$ 115	$ 205	$ (90)	$ 340	$ 1,844	$ (1,504)

Our revenue from NIAID decreased for the nine months ended September 30, 2017 due to the novation of our NIAID contract to Ology Bioservices in March 2016. The decrease in revenue from Servier for the nine months ended September 30, 2017 was due to the termination of the collaboration agreement with Servier in March 2016. The royalty revenue for the three and nine months ended September 30, 2017 relates to the amortization of the deferred revenue from the sale of royalty interests in December 2016 under the Royalty Interest Acquisition Agreements with HealthCare Royalty Partners II, L.P.

The generation of future revenues related to licenses, milestones, and royalties is dependent on our ability to attract new licensees to our antibody technologies, and the achievement of milestones or product sales by our existing licensees. Due to the termination of our collaboration agreement with Servier and the novation of our contract with NIAID to Ology Bioservices in March 2016, we do not anticipate significant future contract revenues.

Research and Development Expenses

Research and development expenses were $0.3 million and $7.2 million for the three and nine months ended September 30, 2017, respectively, compared with $8.7 million and $36.0 million for the same periods in 2016. The decrease of $8.4 million for the three months ended September 30, 2017, as compared to the same period of 2016, was primarily due to decreases of $3.5 million in salaries and related expenses, $1.8 million in external manufacturing activities, $1.2 million in the allocation of facilities and information technology costs, $0.9 million in clinical trial costs, and $0.4 million consulting costs. The decrease in external manufacturing costs included a one-time adjustment of $0.7 million to reverse the cost of a batch of drug material that did not meet quality standards. The decrease of $28.8 million for the nine months ended September 30, 2017, as compared to the same period of 2016, was primarily due to decreases of $10.8 million in salaries and related expenses, $7.0 million in external manufacturing activities, $5.7 million in clinical trial costs, $3.2 million in the allocation of facilities and information technology costs, and $0.4 million in consulting costs . The decrease in allocation of facilities and information technology costs are a result of a decreased proportion of research and development employees as a result of our restructuring activities in December 2016 and June 2017.

Salaries and related personnel costs are a significant component of research and development expenses. We recorded $0.4 million and $1.8 million in research and development salaries and employee-related expenses for the three and nine months ended September 30, 2017, respectively, as compared with $3.9 million and $12.6 million for the same periods in 2016. The decrease of $3.5 million for the three months ended September 30, 2017 was primarily due to a $2.5 million decrease in salaries and benefits costs, primarily due to the headcount reductions resulting from the restructuring activities initiated in December 2016 and June 2017, and a $0.7 million decrease in stock-based compensation, which is a non-cash expense. The decrease of $10.8 million for the nine months ended September 30, 2017 was mainly due to a $7.9 million decrease in salaries and benefits costs, primarily due to the headcount reductions resulting from the restructuring activities initiated in December 2016 and June 2017, and a $2.0 million decrease in stock-based compensation, which is a non-cash expense.

As our strategy has changed, so has our research and development spending activity. For the nine months ended September 30, 2016, approximately 14% of our research and development expense spending related to collaborative and contract arrangements with Servier and NIAID with the remaining 86% relating to our internal projects; whereas 100% of our research and development spending for the nine months ended September 30, 2017 relates to our internal projects.

For the nine months ended September 30, 2017, X358, for which we incurred the largest amount of expenses, accounted for between 70% and 80% of our total research and development expenses. Each of our remaining development programs accounted for less than 10% of our total research and development expenses for the nine months ended September 30, 2017. Due to our change in strategy, for the third quarter of 2017, we did not incur significant expenses for internally developed projects. For the three and nine months ended September 30, 2016, X358, for which we incurred the largest amount of expenses, accounted for between 50% and 60% of our total research and development expenses. The gevokizumab program and our endocrine and immune-oncology research-stage programs each accounted for between 10% and 30% of our total research and development expenses. Each of our remaining development programs accounted for less than 10% of our total research and development expenses for the three and nine months ended September 30, 2016.

We expect our research and development spending during the remainder of 2017 will be reduced as compared with 2016 levels due to our 2016 and 2017 restructuring activities.

General and Administrative Expenses

General and administrative expenses include salaries and related personnel costs, facilities costs and professional fees. General and administrative expenses were $7.3 million and $17.6 million for the three and nine months ended September 30, 2017, respectively, compared with $4.1 million and $13.1 million for the same periods in 2016. The increase of $3.2 million for the three months ended September 30, 2017 was due primarily to increases of $1.9 million in consulting services, $1.0 million in the allocation of facilities and information technology costs due to a greater proportion of general and administrative personnel after our restructuring activities, and $1.0 million in stock compensation cost, partially offset by a $0.6 million decrease in salaries and benefits. The increase of $4.5 million for the nine months ended September 30, 2017 was due primarily to increases of $2.9 million in the allocation of facilities and information technology costs due to a greater proportion of general and administrative personnel after our restructuring activities, $2.9 million in consulting services, and $0.7 million increase in stock compensation cost, partially offset by a $2.2 million decrease in salaries and benefits costs related to the reduction in headcount from our restructuring activities. General and administrative costs during the three and nine months ended September 30, 2017 included $1.8 million in additional consulting and legal fees to support the execution of our license agreements with Novartis AG in August 2017.

We expect our general and administrative expenses during the remainder of 2017 to be increased as compared with 2016 levels due to costs incurred associated with the execution of our license agreements with Novartis AG in August 2017 and the increase in allocated facilities and IT costs due to a greater proportion of general and administrative personnel following our restructuring activities.

Restructuring Charges

On December 21, 2016, we announced a restructuring of our business based on our decision to focus our efforts on clinical development, with an initial focus on the X358 clinical programs. The restructuring included a reduction-in-force in which we terminated 57 employees, which was implemented in December 2016 (the "2016 Restructuring"). In early 2017, we further revised our strategy to prioritize out-licensing activities and further curtail research and development spending and we eliminated an additional five employees with an effective termination date of June 30, 2017 (the "2017 Restructuring").

During the three and nine months ended September 30, 2017, we recorded a credit of $29,000 and a charge of $3.5 million, respectively, related to severance, other termination benefits and outplacement services for the 2016 Restructuring and 2017 Restructuring activities. During the nine months ended September 30, 2016, we recorded a charge of $15,000, related to severance costs and contract termination costs resulting from restructuring activities initiated in August 2015. There were no such charges during the three months ended September 30, 2016.

Other Income (Expense)

Interest Expense

Amortization of debt issuance costs and discounts are included in interest expense. Interest expense is shown below for the three and nine months ended September 30, 2017 and 2016 (in thousands):

	Three Months Ended September 30,		Increase	Nine Months Ended September 30,		Increase
	2017	2016	(Decrease)	2017	2016	(Decrease)
Hercules term loan	$ —	$ 651	$ (651)	$ 311	$ 2,001	$ (1,690)
Servier loan	76	223	(147)	431	674	(243)
Novartis note	126	104	22	362	299	63
Other	—	4	(4)	4	17	(13)
Total interest expense	$ 202	$ 982	$ (780)	$ 1,108	$ 2,991	$ (1,883)

Interest expense related to the Hercules term loan decreased by $0.7 million and $1.7 million during the three and nine months ended September 30, 2017, respectively, compared to the same periods in 2016 due to the monthly payments of principal starting from July 2016. In addition, we made a special prepayment of $10.0 million under the Hercules term loan in January 2017 and paid off the remaining balance of the debt in March 2017.

We expect interest expense during the remainder of 2017 to decrease as compared with 2016 due to the March 2017 payoff of the Hercules loan and August 2017 payoff of the Servier Loan.

Other (Expense) Income, Net

The following table shows the activity in other (expense) income, net for the three and nine months ended September 30, 2017 and 2016 (in thousands):

	Three Months Ended September 30,		Increase	Nine Months Ended September 30,		Increase
	2017	2016	(Decrease)	2017	2016	(Decrease)
Other (expense) income, net						
Unrealized foreign exchange losses	$ (248)	$ (135)	$ (113)	$ (1,447)	$ (384)	$ (1,063)
Sublease income	—	297	(297)	28	761	(733)
(Loss) gain on sale and disposal of equipment	(103)	—	(103)	1,123	—	1,123
Income under the agreement with Ology Bioservices	250	—	250	650	—	650
Other	(162)	127	(289)	(17)	208	(225)
Total other (expense) income, net	$ (263)	$ 289	$ (552)	$ 337	$ 585	$ (248)

Unrealized foreign exchange losses for the three and nine months ended September 30, 2017 and 2016 primarily relate to the re-measurement of the Servier Loan. The loss of $0.1 million and the gain of $1.1 million on the sale and disposal of equipment and leasehold improvements is primarily related to the sale and disposal of equipment located in one of our leased facilities for the three and nine months ended September 30, 2017.

Revaluation of Contingent Warrant Liabilities

We have issued warrants that contained provisions that were contingent on the occurrence of a change in control, which could conditionally obligate us to repurchase the warrants for cash in an amount equal to their estimated fair value using the Black-Scholes Model on the date of such change in control. Due to these provisions, we accounted for the warrants issued as a liability at estimated fair value. In addition, the estimated liability related to the warrants was revalued at each reporting period until the earlier of the exercise of the warrants, at which time the liability would be reclassified to stockholders' equity, or expiration of the warrants.

We revalued the March 2012 warrants at September 30, 2016 and recorded a $0.3 million and $7.5 million decrease in the estimated fair value as a gain on the revaluation of contingent warrant liabilities line of our condensed consolidated statements of comprehensive income (loss) for the three and nine months ended September 30, 2016, respectively. As of March 31, 2017, all of these warrants had expired unexercised.

We revalued the December 2014 warrants at September 30, 2016 and recorded a zero and $3.0 million decrease in the estimated fair value as a gain on the revaluation of contingent warrant liabilities line of our condensed consolidated statements of comprehensive income (loss) for the three and nine months ended September 30, 2016, respectively. As of December 31, 2016, all of these warrants had expired unexercised.

Loss on Extinguishment of Debt

In March 2017, we paid off our outstanding principal balance, final payment fee and accrued interest totaling $6.5 million under our loan and security agreement with Hercules, and we were not required to pay the 1% prepayment charge pursuant to the terms of the loan. We recognized a loss on extinguishment of $0.5 million from the payoff of the term loan as a separate line item on our condensed consolidated statement of comprehensive income (loss) for the nine months ended September 30, 2017.

In August 2017, NIBR, on our behalf, paid off our outstanding principal balance and accrued interest on our Servier Loan totaling $14.3 million in conjunction with the XOMA-052 License Agreement. We recognized a loss on extinguishment of $0.1 million from the payoff of the loan as a separate line item on our condensed consolidated statements of comprehensive income (loss) for the three and nine months ended September 30, 2017.

Provision for Income Taxes

The Company's provision for income taxes for the three and nine months ended September 30, 2017 differs from the amounts computed by multiplying the federal statutory rate by income before taxes primary due to a reduction in the valuation allowance and the use of a tax credit carryforward. The Company is subject to an ownership change pursuant to IRC Section 382 which occurred in February 2017 which significantly limits its ability to further use its net operating loss carryforwards against its 2017 taxable income. Due to ongoing losses, the Company did not record a provision for income taxes for any period in 2016.

Liquidity and Capital Resources

The following table summarizes our cash and cash equivalents, our working capital and our cash flow activities for each of the periods presented (in thousands):

	September 30, 2017	December 31, 2016	Change
Cash and cash equivalents	$ 47,747	$ 25,742	$ 22,005
Working capital (deficit)	$ 34,867	$ (5,346)	$ 40,213

	Nine Months Ended September 30,		
	2017	2016	Change
Net cash provided by (used in) operating activities	$ 7,911	$ (40,687)	$ 48,598
Net cash provided by investing activities	1,590	636	954
Net cash provided by (used in) financing activities	12,337	(5,096)	17,433
Effect of exchange rate changes on cash	167	(2)	169
Net increase (decrease) in cash and cash equivalents	$ 22,005	$ (45,149)	$ 67,154

Cash Provided by (Used in) Operating Activities

The change in net cash from operating activities for the nine months ended September 30, 2017, as compared with the same period in 2016, was primarily due to the $25.7 million cash receipts under the license agreements executed with Novartis AG in August 2017, and decreased research and development spending related to manufacturing costs and clinical trial costs during the nine months ended September 30, 2017 primarily due to our revised strategy to focus on the out-license of un-partnered product candidates to partners who will continue development and commercialization of these assets.

Cash Provided by Investing Activities

Net cash provided by investing activities for the nine months ended September 30, 2017 of $1.6 million was due to the proceeds from the sale of equipment.

Net cash provided by investing activities for the nine months ended September 30, 2016 of $0.6 million was due to the proceeds from the sale of marketable securities.

Cash Provided by (Used in) Financing Activities

Net cash provided by financing activities for the nine months ended September 30, 2017 of $12.3 million was primarily related to the sale of preferred stock and common stock to BVF for total net proceeds of $24.9 million and the sale of common stock to Novartis AG for gross proceeds of $5.0 million. This increase was partially offset by the payoff of our outstanding loans with Hercules of $17.5 million.

Net cash used in financing activities for the nine months ended September 30, 2016 of $5.1 million was primarily related to the principal payments on our loans with Servier and Hercules.

* * *

We have incurred significant operating losses since our inception and have an accumulated deficit of $1.2 billion as of September 30, 2017. As of September 30, 2017, we had cash and cash equivalents of $47.7 million, which is available to fund operations through the next 12 months from the date the condensed consolidated financial statements are issued.

Our ability to raise additional capital in the equity and debt markets, should we choose to do so, is dependent on a number of factors, including the market demand for our common stock or debt, which itself is subject to a number of pharmaceutical development and business risks and uncertainties, as well as the uncertainty that we would be able to raise such additional capital at a price or on terms that are favorable to us.

Changes in Contractual Obligations

Our future contractual obligations were reported in our Annual Report on Form 10-K for the year ended December 31, 2016, as filed with the SEC. There have been no material changes from the contractual obligations previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2016, other than the changes described in Note 8 *Long-Term Debt* and Note 10 *Commitments and Contingencies* in this Quarterly Report on Form 10-Q.

Off-balance Sheet Arrangements

We have not engaged in any off-balance sheet arrangements, including the use of structured finance, special purpose entities or variable interest entities.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

We are exposed to market risks in the ordinary course of our business. These risks primarily include risk related to interest rate sensitivities. Our market risks related to interest rate sensitivities at September 30, 2017, have not changed materially from those discussed in Item 7A of our Form 10-K for the year ended December 31, 2016 filed with the SEC.

Foreign Currency Risk

As of September 30, 2017, we are no longer subject to changes in exchange rates related to our debt with Servier as the outstanding principal balance and accrued interest were paid off in August 2017.

We incur expenses denominated in foreign currencies. The amount of expenses incurred will be impacted by fluctuations in these foreign currencies. When the U.S. Dollar weakens against foreign currencies, the U.S. Dollar value of the foreign-currency denominated expense increases, and when the U.S. Dollar strengthens against these currencies, the U.S. dollar value of the foreign-currency denominated expense decreases. A hypothetical 10% change in foreign exchange rates would not have had a material impact on our consolidated financial statements.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Controls and Procedures

We have established disclosure controls and procedures, as defined in Rule 13a-15(e) of the Exchange Act. Our Chief Executive Officer and our Chief Financial Officer have concluded, based on the evaluation of the effectiveness of our disclosure controls and procedures by our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, as of the end of the period covered by this report, that our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control

There have been no changes in our internal controls over financial reporting as defined in Rule 13a-15(f) under the Exchange Act during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEG AL PROCEEDINGS

On July 24, 2015, a purported securities class action lawsuit was filed in the United States District Court for the Northern District of California captioned *Markette v. XOMA Corp., et al.* (Case No. 3:15-cv-3425-HSG) against us, our Chief Executive Officer and our Chief Medical Officer. The complaint asserts that all defendants violated Section 10(b) the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and SEC Rule 10b-5, by making materially false or misleading statements regarding our EYEGUARD-B study between November 6, 2014 and July 21, 2015. The plaintiff also alleges that Messrs. Varian and Rubin violated Section 20(a) of the Exchange Act. The plaintiff seeks class certification, an award of unspecified compensatory damages, an award of reasonable costs and expenses, including attorneys' fees, and other further relief as the Court may deem just and proper. On May 13, 2016, the Court appointed a lead plaintiff and lead counsel. The lead plaintiff filed an amended complaint on July 8, 2016 asserting the same claims and adding a former director as a defendant. On September 2, 2016, the defendants filed a motion to dismiss with prejudice the amended complaint. The plaintiff filed his opposition to the motion to dismiss on October 7, 2016. The defendants filed a reply in support of their motion to dismiss on October 21, 2016. The judge in the case has advised that he will rule on the motion based on those pleadings, but has not yet issued a ruling. On May 26, 2017, the judge ordered supplemental briefing on the motion to dismiss based on a recent decision issued in the United States Court of Appeals for the Ninth Circuit, City of Dearborn Heights Act 345 Police & Retirement Sys. v. Align Tech., Inc., 2017 WL 1753276 (9th Cir. May 5, 2017). The parties filed supplemental briefs on June 9, 2017. On September 28, 2017, the Court granted defendants' motion to dismiss with leave to amend. On October 24, 2017, the parties filed a Joint Stipulation, agreeing to dismiss the action. On October 25, 2017, the Court granted the Stipulation, issuing an Order of Dismissal. The Order dismisses the action with prejudice with respect to the named Plaintiff's individual claims and without prejudice with respect to unnamed class members.

On October 1, 2015, a stockholder purporting to act on our behalf, filed a derivative lawsuit in the Superior Court of California for the County of Alameda, purportedly asserting claims on behalf of us against certain of our officers and the members of our Board of Directors, captioned *Silva v. Scannon, et al.* (Case No. RG15787990). The lawsuit asserts claims for breach of fiduciary duty, corporate waste and unjust enrichment based on the dissemination of allegedly false and misleading statements related to our EYEGUARD-B study. The plaintiff is seeking unspecified monetary damages and other relief, including reforms and improvements to our corporate governance and internal procedures. This action has been currently stayed pending further developments in the securities class action. Management believes the allegations have no merit and intends to vigorously defend against the claims.

On November 16, and November 25, 2015, two derivative lawsuits were filed purportedly on our behalf in the United States District Court for the Northern District of California, captioned *Fieser v. Van Ness, et al.* (Case No. 4:15-CV-05236-HSG) and *Csoka v. Varian, et al.* (Case No. 3:15-cv-05429-SI), against certain of our officers and the members of our Board of Directors. The lawsuits assert claims for breach of fiduciary duty and other violations of law based on the dissemination of allegedly false and misleading statements related to our EYEGUARD-B study. The plaintiffs seek unspecified monetary damages and other relief including reforms and improvements to our corporate governance and internal procedures. Both actions have been currently stayed pending further developments in the securities class action. Management believes the allegations have no merit and intends to vigorously defend against the claims.

ITEM 1A. RISK FACTORS

This Quarterly Report on Form 10-Q contains forward-looking information based on our current expectations. Because our actual results may differ materially from any forward-looking statements made by or on behalf of us, this section includes a discussion of important factors that could affect our actual future results, including our revenues, expenses, operating results, cash flows, net loss and loss per share. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. You should carefully consider these risk factors, together with all of the other information included in this Quarterly Report on Form 10-Q as well as our other publicly available filings with the U.S. Securities and Exchange Commission, or SEC.

We have marked with an asterisk (*) those risks described below that reflect substantive changes from, or additions to, the risks described in our Annual Report on Form 10-K for the year ended December 31, 2016.

Risks Related to our Financial Results and Capital Requirements

We have sustained losses in the past, and we expect to sustain losses in the foreseeable future.*

We have a long history of product development, and as a result have experienced significant losses. As of September 30, 2017, we had an accumulated deficit of $1.2 billion.

For the three and nine months ended September 30, 2017, we had net income of $26.3 million and $15.9 million, respectively. For the three and nine months ended September 30, 2016, we had net losses of $12.5 million and $36.1 million, respectively.

We do not know whether we will ever achieve sustained profitability or whether cash flow from future operations will be sufficient to meet our needs.

We have devoted most of our financial resources to research and development, including our non-clinical development activities and clinical trials. To date, we have financed our operations primarily through the sale of equity securities and debt, and collaboration and licensing arrangements. The size of our future net losses will depend, in part, on the rate of future expenditures and our ability to generate revenues. If our product candidates are not successfully developed or commercialized by our licensees, or if revenues are insufficient following marketing approval, we will not achieve profitability and our business may fail. Our ability to achieve profitability is dependent in large part on the success of our ability to license our product candidates, and the success of our licensees' development programs, both of which are uncertain. Our success is also dependent on our licensees obtaining regulatory approval to market our product candidates, which may not materialize or prove to be successful.

We will require substantial funds to continue our business; we cannot be certain that funds will be available, and if they are not available, we may be forced to take actions that could adversely affect an investment in our common stock and we may not be able to continue operations.*

We may need to commit substantial funds to continue our business, and we may not be able to obtain sufficient funds on acceptable terms, or at all. Any additional debt financing or additional equity that we raise may contain terms that are not favorable to our stockholders or us. If we raise additional funds through collaboration and licensing arrangements with third parties, we may be required to relinquish some rights to our technologies or our product candidates, grant licenses on terms that are not favorable to us or enter into a collaboration arrangement for a product candidate at an earlier stage of development or for a lesser amount than we might otherwise choose.

Additional funds may not be available when we need them on terms that are acceptable to us, or at all. If adequate funds are not available on a timely basis, we may:

- reduce or eliminate certain product development efforts; or
- further reduce our capital or operating expenditures; or
- curtail our spending on protecting our intellectual property.

We finance our operations primarily through our multiple revenue streams resulting from discovery and development collaborations, the licensing of our antibody technologies, debt and through sales of our common stock.

Based on our cash and cash equivalents of $47.7 million at September 30, 2017, and taking into consideration our anticipated spending levels and scheduled debt payments, we anticipate that we will have adequate capital to fund operations through the next 12 months from the date the condensed consolidated financial statements are issued. We may not be able to obtain sufficient additional funding through monetizing certain of our existing assets, entering into new license agreements, issuing additional equity or debt instruments or any other means, and if we are able to do so, they may not be on satisfactory terms. Consistent with the actions we have taken in the past, we will take steps intended to enable the continued operation of the business which may include out-licensing or sale of assets and reducing other expenditures that are within our control. These reductions in expenditures may have a material adverse impact on our ability to achieve certain of our planned objectives. Progress or setbacks by potentially competing products also may affect our ability to raise new funding on acceptable terms.

We do not know when or whether:

- operations will generate meaningful funds;
- additional agreements for product development funding can be reached;
- we will be able to repay our debt or negotiate new debt arrangements;
- strategic alliances can be negotiated; or
- adequate additional financing will be available for us to finance our operations on acceptable terms, or at all.

If adequate funds are not available, we will be required to further reduce costs. Even if we are able to source additional funding, we may be forced to reduce our operations if our business prospects do not improve. If we are unable to source additional funding, we may be forced to shut down operations altogether.

We may not realize the expected benefits of our cost-saving initiatives.*

Reducing costs is a key element of our current business strategy. On August 21, 2015, in connection with our efforts to lower operating expenses and preserve capital while continuing to focus on our product pipeline, we implemented a workforce reduction, which led to the termination of 52 employees during the second half of 2015. On December 19, 2016, our Board of Directors approved a restructuring of our business based on the decision to focus our efforts on clinical development, with an initial focus on the X358 clinical programs. The restructuring included a reduction-in-force in which we terminated 57 employees (the "2016 Restructuring"). In early 2017, we further revised our strategy to prioritize out-licensing activities and further curtail research and development spending (the "2017 Restructuring"), and we eliminated five additional employees with an effective termination date of June 30, 2017.

During the nine months ended September 30, 2017, we recorded an aggregate restructuring charge of approximately $2.0 million related to severance, other termination benefits and outplacement services in connection with the workforce reduction for the 2016 Restructuring and $1.5 million for the 2017 Restructuring. During the year ended December 31, 2016, we recorded charges of $4.6 million related to severance, other termination benefits and outplacement services in connection with the workforce reduction resulting from the 2016 Restructuring.

If we experience excessive unanticipated inefficiencies or incremental costs in connection with restructuring activities, such as unanticipated inefficiencies caused by reducing headcount, we may be unable to meaningfully realize cost savings and we may incur expenses in excess of what we anticipate. Either of these outcomes could prevent us from meeting our strategic objectives and could adversely impact our results of operations and financial condition.

Risks Related to the Development and Commercialization of our Current and Future Product Candidates

We may not be able to successfully identify and acquire and/or in-license other products, product candidates, programs or companies to grow and diversify our business, and, even if we are able to do so, we may not be able to successfully manage the risks associated with integrating any such products, product candidates, programs or companies into our business or we may otherwise fail to realize the anticipated benefits of these licenses or acquisitions.*

To grow and diversify our business, we plan to continue our business development efforts to identify and seek to acquire and/or in-license other products, product candidates, programs or companies. Future growth through acquisition or in-licensing will depend upon the availability of suitable products, product candidates, programs or companies for acquisition or in-licensing on acceptable prices, terms and conditions. Even if appropriate opportunities are available, we may not be able to acquire rights to them on acceptable terms, or at all. The competition to acquire or in-license rights to promising products, product candidates, programs and companies is fierce, and many of our competitors are large, multinational pharmaceutical and biotechnology companies with considerably more financial, development and commercialization resources, personnel, and experience than we have. In order to compete successfully in the current business climate, we may have to pay higher prices for assets than may have been paid historically, which may make it more difficult for us to realize an adequate return on any acquisition.

Even if we are able to successfully identify and acquire or in-license new products, product candidates, programs or companies, we may not be able to successfully manage the risks associated with integrating any products, product candidates, programs or companies into our business or the risks arising from anticipated and unanticipated problems in connection with an acquisition or in-licensing. Further, while we seek to mitigate risks and liabilities of potential acquisitions through, among other things, due diligence, there may be risks and liabilities that such due diligence efforts fail to discover, that are not disclosed to us, or that we inadequately assess. Any failure in identifying and managing these risks and uncertainties effectively would have a material adverse effect on our business. In any event, we may not be able to realize the anticipated benefits of any acquisition or in-licensing for a variety of reasons, including the possibility that a product candidate fails to advance to clinical development, proves not to be safe or effective in clinical trials, or that a product fails to reach its forecasted commercial potential or that the integration of a product, product candidate, program or company gives rise to unforeseen difficulties and expenditures. Any failure in identifying and managing these risks and uncertainties would have a material adverse effect on our business.

In addition, acquisitions create other uncertainties and risks, particularly when the acquisition takes the form of a merger or other business consolidation. We may encounter unexpected difficulties, or incur unexpected costs, in connection with transition activities and integration efforts, which include:

- high acquisition costs;
- the need to incur substantial debt or engage in dilutive issuances of equity securities to pay for acquisitions;
- the strain on, and need to expand, our existing operational, technical, financial and administrative infrastructure;
- the difficulties in assimilating employees and corporate cultures;
- the failure to retain key management and other personnel;
- the challenges in controlling additional costs and expenses in connection with and as a result of the acquisition;
- the need to write down assets or recognize impairment charges;
- the diversion of our management's attention to integration of operations and corporate and administrative infrastructures; and
- any unanticipated liabilities for activities of or related to the acquired business or its operations, products or product candidates.

If we fail to integrate or otherwise manage an acquired business successfully and in a timely manner, resulting operating inefficiencies could increase our costs more than we planned, could negatively impact the market price of our common stock and could otherwise distract us from execution of our strategy. Failure to maintain effective financial controls and reporting systems and procedures could also impact our ability to produce timely and accurate financial statements.

We may not be successful in entering into out-license agreements for our product candidates, which may adversely affect our liquidity and business.

We intend to pursue a strategy to out-license some or all of our product candidates in order to provide for potential payments, funding and/or royalties on future product sales. The out-license agreements may also be structured to share in the proceeds received by a licensee as a result of further development or commercialization of the product candidates. We may not be successful in entering into out-licensing agreements with favorable terms as a result of factors, many of which are outside of our control. These factors include:

- research and spending priorities of potential licensing partners;
- willingness of, and the resources available to, pharmaceutical and biotechnology companies to in-license drug candidates to fill their clinical pipelines; or
- our inability to generate proof-of-concept data and to agree with a potential partner on the value of our product candidates, or on the related terms.

If we are unable to enter into out-licensing agreements for our product candidates and realize license, milestone and royalty fees when anticipated, it may adversely affect our liquidity and we may be forced to curtail or delay development of our product candidates, which in turn may harm our business.

If our therapeutic product candidates do not receive regulatory approval, our licensees will be unable to market them.

Our product candidates cannot be manufactured and marketed in the United States or any other countries without required regulatory approvals. The U.S. government and governments of other countries extensively regulate many aspects of our product candidates, including:

- clinical development and testing;
- manufacturing;
- labeling;
- storage;
- record keeping;
- promotion and marketing; and
- importing and exporting.

In the United States, the Food and Drug Administration ("FDA") regulates pharmaceutical products under the Federal Food, Drug, and Cosmetic Act and other laws, including, in the case of biologics, the Public Health Service Act. At the present time, we believe all of our product candidates will be regulated by the FDA as biologics.

Initiation of clinical trials requires approval by health authorities. Clinical trials involve the administration of the investigational new drug to healthy volunteers or to patients under the supervision of a qualified principal investigator. Clinical trials must be conducted in accordance with FDA and International Conference on Harmonization Good Clinical Practices and the European Clinical Trials Directive, as applicable, under protocols that detail the objectives of the study, the parameters to be used to monitor safety and the efficacy criteria to be evaluated. Other national, foreign and local regulations also may apply. The developer of the drug must provide information relating to the characterization and controls of the product before administration to the patients participating in the clinical trials. This requires developing approved assays of the product to test before administration to the patient and during the conduct of the trial. In addition, developers of pharmaceutical products must provide periodic data regarding clinical trials to the FDA and other health authorities, and these health authorities may issue a clinical hold upon a trial if they do not believe, or cannot confirm, that the trial can be conducted without unreasonable risk to the trial participants.

Based on regulatory restrictions, X358 clinical testing is currently limited to studies in adults in the United States. We submitted a protocol and supportive documents to initiate a multi-dose Phase 2 clinical study of X358 in children two years and older diagnosed with congenital hyperinsulinism ("CHI") in the UK and Germany. All local and regulatory approvals have been met and first dosing may be initiated by a potential licensee as desired and with appropriate notifications. We cannot assure you that we find a partner or licensee to conduct such trial, or that U.S. and foreign health authorities will not issue a clinical hold with respect to these or any of our other clinical trials in the future.

The results of the preclinical studies and clinical testing, together with chemistry, manufacturing and controls information, are submitted to the FDA and other health authorities in the form of a New Drug Application ("NDA") for a drug, and in the form of a Biologic License Application ("BLA") for a biological product, requesting approval to commence commercial sales. In responding to an NDA or BLA, the FDA or foreign health authorities may grant marketing approvals, request additional information or further research, or deny the application if they determine the application does not satisfy regulatory approval criteria. Regulatory approval of an NDA, BLA, or supplement is never guaranteed. The approval process can take several years, is extremely expensive and can vary substantially based upon the type, complexity, and novelty of the products involved, as well as the target indications. FDA regulations and policies permit applicants to request accelerated approval or priority review pathways for products intended to treat certain serious or life-threatening illnesses in certain circumstances. If granted by the FDA, these pathways can provide a shortened timeline to commercialize the product, although the shortened timeline is often accompanied by additional post-market requirements. Although we may pursue the FDA's accelerated approval or priority review programs, we cannot guarantee the FDA will permit us or our licensees to utilize these pathways or the FDA's review of our application will not be delayed. Moreover, even if the FDA agrees to an accelerated approval or priority review of any of our applications, we or our licensees ultimately may not be able to obtain approval of our application in a timely fashion or at all.

The FDA and foreign health authorities have substantial discretion in the drug and biologics approval processes. Despite the time and expense incurred, failure can occur at any stage, and we, or our potential development partners, could encounter problems that cause us to abandon clinical trials or to repeat or perform additional preclinical, clinical or manufacturing-related studies.

Changes in the regulatory approval policy during the development period, changes in, or the enactment of additional regulations or statutes, or changes in regulatory review for each submitted product application may cause delays in the approval or rejection of an application. State regulations may also affect our proposed products.

The FDA and other regulatory agencies have substantial discretion in both the product approval process and manufacturing facility approval process, and as a result of this discretion and uncertainties about outcomes of testing, we cannot predict at what point, or whether, the FDA or other regulatory agencies will be satisfied with our or our licensees' submissions or whether the FDA or other regulatory agencies will raise questions that may be material and delay or preclude product approval or manufacturing facility approval. In light of this discretion and the complexities of the scientific, medical and regulatory environment, our interpretation or understanding of the FDA's or other regulatory agencies' requirements, guidelines or expectations may prove incorrect, which also could delay further or increase the cost of the approval process. As we accumulate additional clinical data, we and our licensees will submit it to the FDA and other regulatory agencies, as appropriate, and such data may have a material impact on the approval process.

We have received negative results from certain of our clinical trials, and our licensees face uncertain results of other clinical trials of our product candidates.

Drug development has inherent risk, and we are required to demonstrate through adequate and well-controlled clinical trials that our product candidates are effective, with a favorable benefit-risk profile for use in their target profiles before we can seek regulatory approvals for their commercial use. It is possible we or our licensees may never receive regulatory approval for any of our product candidates. Even if a product candidate receives regulatory approval, the resulting product may not gain market acceptance among physicians, patients, healthcare payors and the medical community.

Our licensees' product candidates require significant additional research and development, extensive preclinical studies and clinical trials and regulatory approval prior to any commercial sales. This process is lengthy and expensive, often taking a number of years. As clinical results frequently are susceptible to varying interpretations that may delay, limit or prevent regulatory approvals, the length of time necessary to complete clinical trials and to submit an application for marketing approval for a final decision by a regulatory authority varies significantly. As a result, it is uncertain whether:

- our licensees' future filings will be delayed;
- our licensee's preclinical studies will be successful;
- our licensees will be successful in generating viable product candidates;
- we will be successful in finding collaboration and licensing partners to advance our product candidates on our behalf;
- our licensees will be able to provide necessary data;
- results of future clinical trials by our licensees will justify further development; or
- our licensees ultimately will achieve regulatory approval for our product candidates.

The timing of the commencement, continuation and completion of clinical trials by our licensees may be subject to significant delays relating to various causes, including failure to complete preclinical testing and earlier-stage clinical trials in a timely manner, engaging contract research organizations and other service providers, scheduling conflicts with participating clinicians and clinical institutions, changes in key personnel at clinical institutions, difficulties in identifying and enrolling patients who meet trial eligibility criteria and shortages of available drug supply. In addition, since we license our product candidates to others to fund and conduct clinical trials, we have limited control over how quickly and efficiently such licensees advance those trials. Patient enrollment is a function of many factors, including the size of the patient population, the proximity of patients to clinical sites, the concentration of patients in specialist centers, the eligibility criteria for the trial, the existence of competing clinical trials and the availability of alternative or new treatments. Regardless of the initial size or relative complexity of a clinical trial, the costs of such trial may be higher than expected due to increases in duration or size of the trial, changes in the protocol under which the trial is being conducted, additional or special requirements of one or more of the healthcare centers where the trial is being conducted, or changes in the regulatory requirements applicable to the trial or in the standards or guidelines for approval of the product candidate being tested or for other unforeseen reasons.

In addition, we and our licensees conduct clinical trials in foreign countries, which may subject us to further delays and expenses as a result of increased drug shipment costs, additional regulatory requirements and the engagement of foreign clinical research organizations, and may expose us to risks associated with foreign currency transactions to make contract payments denominated in the foreign currency where the trial is being conducted.

All of our product candidates are prone to the risks of failure inherent in drug development. Preclinical studies may not yield results that satisfactorily support the filing of an Investigational New Drug application ("IND") (or a foreign equivalent) with respect to our product candidates. Even if these applications would be or have been filed with respect to our product candidates, the results of preclinical studies do not necessarily predict the results of clinical trials. Similarly, early stage clinical trials may not predict the results of later-stage clinical trials, including the safety and efficacy profiles of any particular product candidates.

In addition, there can be no assurance the design of our or our licensees' clinical trials will be focused on appropriate indications, patient populations, dosing regimens or other variables that will result in obtaining the desired efficacy data to support regulatory approval to commercialize the drug. Moreover, FDA officials or foreign regulatory agency officials may question the integrity of our data or otherwise subject our or our licensees' clinical trials to additional scrutiny when the clinical trials are conducted by principal investigators who serve, or previously served, as scientific advisors or consultants to us and receive cash compensation in connection with such services. Preclinical and clinical data can also be interpreted in different ways. Accordingly, FDA officials or officials from foreign regulatory authorities could interpret the data differently than we or our collaboration or development partners do, which could delay, limit or prevent regulatory approval.

Administering any of our product candidates may produce undesirable side effects, also known as adverse effects. Toxicities and adverse effects that we have observed in preclinical studies for some compounds in a particular research and development program may occur in preclinical studies or clinical trials of other compounds from the same program. Such toxicities or adverse effects could delay or prevent the filing of an IND (or a foreign equivalent) with respect to such product candidates or cause us to cease clinical trials with respect to any drug candidate. In clinical trials, administering any of our product candidates to humans may produce adverse effects. These adverse effects could interrupt, delay or halt clinical trials of our product candidates and could result in the FDA or other regulatory authorities denying approval of our product candidates for any or all targeted indications. The FDA, other regulatory authorities, our development partners or we may suspend or terminate clinical trials at any time. Even if one or more of our product candidates were approved for sale, the occurrence of even a limited number of toxicities or adverse effects when used in large populations may cause the FDA or other regulatory authorities to impose restrictions on, or stop, the further marketing of such drugs. Indications of potential adverse effects or toxicities that may occur in clinical trials and that we believe are not significant during the course of such clinical trials may actually turn out later to constitute serious adverse effects or toxicities when a drug has been used in large populations or for extended periods of time. Any failure or significant delay in completing preclinical studies or clinical trials for our product candidates, or in receiving and maintaining regulatory approval for the sale of any drugs resulting from our product candidates, may severely harm our reputation and business.

Products and technologies of other companies may render some or all of our product candidates noncompetitive or obsolete.

Developments by others may render our product candidates or technologies obsolete or uncompetitive. Technologies developed and utilized by the biotechnology and pharmaceutical industries are changing continuously and substantially. Competition in antibody-based technologies is intense and is expected to increase in the future as a number of established biotechnology firms and large chemical and pharmaceutical companies advance in these fields. Many of these competitors may be able to develop products and processes competitive with or superior to our own for many reasons, including that they may have:

- significantly greater financial resources;
- larger research and development staffs;
- entered into arrangements with, or acquired, biotechnology companies to enhance their capabilities; or
- extensive experience in preclinical testing and human clinical trials.

These factors may enable others to develop products and processes competitive with or superior to our own or those of our licensees. In addition, a significant amount of research in biotechnology is being carried out in universities and other non-profit research organizations. These entities are becoming increasingly interested in the commercial value of their work and may become more aggressive in seeking patent protection and licensing arrangements. Furthermore, many companies and universities tend not to announce or disclose important discoveries or development programs until their patent position is secure or, for other reasons, later. As a result, we may not be able to track development of competitive products, particularly at the early stages.

Positive or negative developments in connection with a potentially competing product may have an adverse impact on our ability to raise additional funding on acceptable terms. For example, if another product is perceived to have a competitive advantage, or another product's failure is perceived to increase the likelihood that our product will fail, then investors may choose not to invest in us on terms we would accept or at all.

Our licensees may be unable to price our products effectively or obtain adequate reimbursement for sales of our products, which would prevent our products from becoming profitable.

If our third-party licensees succeed in bringing our product candidates to the market, they may not be considered cost effective, and reimbursement to the patient may not be available or may not be sufficient to allow us to sell our products on a competitive basis. In both the United States and elsewhere, sales of medical products and treatments are dependent, in part, on the availability of reimbursement to the patient from third-party payors, such as government and private insurance plans. Third-party payors are increasingly challenging the prices charged for pharmaceutical products and services. Our business is affected by the efforts of government and third-party payors to contain or reduce the cost of healthcare through various means. In the United States, there have been and will continue to be a number of federal and state proposals to implement government controls on pricing.

In addition, the emphasis on managed care in the United States has increased and will continue to increase the pressure on the pricing of pharmaceutical products. We cannot predict whether any legislative or regulatory proposals will be adopted or the effect these proposals or managed care efforts may have on our business.

We do not know whether there will be, or will continue to be, a viable market for the product candidates in which we have an ownership or royalty interest.

Even if product candidates in which we have an interest receive approval in the future, they may not be accepted in the marketplace. In addition, we or our licensees may experience difficulties in launching new products, many of which are novel and based on technologies that are unfamiliar to the healthcare community. We have no assurance healthcare providers and patients will accept such products, if developed. Similarly, physicians may not accept a product if they believe other products to be more effective or more cost effective or are more comfortable prescribing other products.

Furthermore, government agencies, as well as private organizations involved in healthcare, from time to time publish guidelines or recommendations to healthcare providers and patients. Such guidelines or recommendations can be very influential and may adversely affect product usage directly (for example, by recommending a decreased dosage of a product in conjunction with a concomitant therapy) or indirectly (for example, by recommending a competitive product over our product). Consequently, we do not know if physicians or patients will adopt or use our products for their approved indications.

Even approved and marketed products are subject to risks relating to changes in the market for such products. Introduction or increased availability of generic or biosimilar versions of products can alter the market acceptance of branded products. In addition, unforeseen safety issues may arise at any time, regardless of the length of time a product has been on the market.

We are exposed to an increased risk of product liability claims.

The testing, marketing and sales of medical products entails an inherent risk of allegations of product liability. In the past, we were party to product liability claims filed against Genentech Inc. and, even though Genentech agreed to indemnify us in connection with these matters and these matters have been settled, there can be no assurance other product liability lawsuits will not result in liability to us or that our insurance or contractual arrangements will provide us with adequate protection against such liabilities. In the event of one or more large, unforeseen awards of damages against us, our product liability insurance may not provide adequate coverage. A significant product liability claim for which we were not covered by insurance or indemnified by a third party would have to be paid from cash or other assets, which could have an adverse effect on our business and the value of our common stock. To the extent we have sufficient insurance coverage, such a claim would result in higher subsequent insurance rates. In addition, product liability claims can have various other ramifications, including loss of future sales opportunities, increased costs associated with replacing products, a negative impact on our goodwill and reputation, and divert our management's attention from our business, each of which could also adversely affect our business and operating results.

If we and our partners are unable to protect our intellectual property, in particular our patent protection for our principal products, product candidates and processes, and prevent the use of the covered subject matter by third parties, our ability to compete in the market will be harmed, and we may not realize our profit potential.

We rely on patent protection, as well as a combination of copyright, trade secret, and trademark laws to protect our proprietary technology and prevent others from duplicating our products or product candidates. However, these means may afford only limited protection and may not:

- prevent our competitors from duplicating our products;
- prevent our competitors from gaining access to our proprietary information and technology; or
- permit us to gain or maintain a competitive advantage.

Because of the length of time and the expense associated with bringing new products to the marketplace, we and our collaboration and development partners hold and are in the process of applying for a number of patents in the United States and abroad to protect our product candidates and important processes and also have obtained or have the right to obtain exclusive licenses to certain patents and applications filed by others. However, the mere issuance of a patent is not conclusive as to its validity or its enforceability.

The U.S. Federal Courts, the U.S. Patent & Trademark Office or equivalent national courts or patent offices elsewhere may invalidate our patents or find them unenforceable. The America Invents Act introduced post-grant review procedures subjecting U.S. patents to post-grant review procedures similar to European oppositions. U.S. patents owned or licensed by us may therefore be subject to post-grant review procedures, as well as other forms of review and re-examination. A decision in such proceedings adverse to our interests could result in the loss of valuable patent rights, which would have a material adverse effect on our business. In addition, the laws of foreign countries may not protect our intellectual property rights effectively or to the same extent as the laws of the United States.

If our intellectual property rights are not protected adequately, our licensees may not be able to commercialize our technologies, products, or services, and our competitors could commercialize our technologies, which could result in a decrease in our sales and market share that would harm our business and operating results. Specifically, the patent position of biotechnology companies generally is highly uncertain and involves complex legal and factual questions. The legal standards governing the validity of biotechnology patents are in transition, and current defenses as to issued biotechnology patents may not be adequate in the future. Accordingly, there is uncertainty as to:

- whether any pending or future patent applications held by us will result in an issued patent, or whether issued patents will provide meaningful protection against competitors or competitive technologies;
- whether competitors will be able to design around our patents or develop and obtain patent protection for technologies, designs or methods that are more effective than those covered by our patents and patent applications; or
- the extent to which our product candidates could infringe on the intellectual property rights of others, which may lead to costly litigation, result in the payment of substantial damages or royalties, and prevent us from using technology that is essential to our business.

If certain patents issued to others are upheld or if certain patent applications filed by others issue and are upheld, we may require licenses from others to develop and commercialize certain potential products incorporating our technology or we may become involved in litigation to determine the proprietary rights of others. These licenses, if required, may not be available on acceptable terms, and any such litigation may be costly and may have other adverse effects on our business, such as inhibiting our ability to compete in the marketplace and absorbing significant management time.

Due to the uncertainties regarding biotechnology patents, we also have relied and will continue to rely upon trade secrets, know-how and continuing technological advancement to develop and maintain our competitive position. All of our employees and contractors have signed confidentiality agreements under which they have agreed not to use or disclose any of our proprietary information. Research and development contracts and relationships between us and our scientific consultants and potential customers provide access to aspects of our know-how that are protected generally under confidentiality agreements. These confidentiality agreements may be breached or may not be enforced by a court. To the extent proprietary information is divulged to competitors or to the public generally, such disclosure may affect our ability to develop or commercialize our products adversely by giving others a competitive advantage or by undermining our patent position.

Litigation regarding intellectual property can be costly and expose us to risks of counterclaims against us.

We may be required to engage in litigation or other proceedings to protect our intellectual property. The cost to us of this litigation, even if resolved in our favor, could be substantial. Such litigation also could divert management's attention and resources. If this litigation is resolved against us, our patents may be declared invalid, and we could be held liable for significant damages.

In addition, we may be subject to claims that we are infringing other parties' patents. If such claims are resolved against us, we or our licensees may be enjoined from developing, manufacturing, selling or importing products, processes or services unless we obtain a license from the other party. Such license may not be available on reasonable terms, thus preventing us from using these products, processes or services and adversely affecting our revenue.

Risks Related to Government Regulation

We may not obtain orphan drug exclusivity, or we may not receive the full benefit of orphan drug exclusivity even if we obtain such exclusivity.

The FDA has awarded orphan drug status for X358 for the treatment of CHI. Under the Orphan Drug Act, the first company to receive FDA approval for a drug for the designated orphan drug indication will obtain seven years of marketing exclusivity, during which time the FDA may not approve another company's application for the same drug for the same orphan indication unless the FDA concludes that the later drug is safer, more effective or makes a major contribution to patient care. In June 2016, the European Medicines Agency ("EMA") granted Orphan Drug Designation to X358 for the treatment of CHI.

Even though we have obtained orphan drug designation for certain product candidates for certain indications and even if we obtain orphan drug designation for our future product candidates or for other indications, due to the uncertainties associated with developing pharmaceutical products, we or our licensees may not be the first to obtain marketing approval of our product candidates for any particular orphan indication, or we or our licensees may not obtain approval for an indication for which we have obtained orphan drug designation. Further, even if we or our licensees obtain orphan drug exclusivity for a product, that exclusivity may not protect the product effectively from competition because different drugs can be approved for the same indication. Orphan drug designation neither shortens the development time or regulatory review time of a drug, nor gives the drug any advantage in the regulatory review or approval process.

Even after FDA approval, a product may be subject to additional testing or significant marketing restrictions, its approval may be withdrawn or it may be removed voluntarily from the market.

Even if we or our licensees receive regulatory approval for our product candidates, we or our licensees will be subject to ongoing regulatory oversight and review by the FDA and other regulatory entities. The FDA, the EMA, or another regulatory agency may impose, as a condition of the approval, ongoing requirements for post-approval studies or post-approval obligations, including additional research and development and clinical trials, and the FDA, EMA or other regulatory agency subsequently may withdraw approval based on these additional trials.

Even for approved products, the FDA, EMA or other regulatory agency may impose significant restrictions on the indicated uses, conditions for use, labeling, advertising, promotion, marketing and production of such product. In addition, the labeling, packaging, adverse event reporting, storage, advertising, promotion and record-keeping for our products are subject to extensive regulatory requirements.

Furthermore, marketing approval of a product may be withdrawn by the FDA, the EMA or another regulatory agency or such a product may be withdrawn voluntarily by us based, for example, on subsequently arising safety concerns. The FDA, EMA and other agencies also may impose various civil or criminal sanctions for failure to comply with regulatory requirements, including withdrawal of product approval.

Healthcare reform measures and other statutory or regulatory changes could adversely affect our business.

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

An expansion in the government's role in the U.S. healthcare industry may cause general downward pressure on the prices of prescription drug products, lower reimbursements for providers, reduced product utilization and adversely affect our business and results of operations. Moreover, certain politicians have announced plans to regulate the prices of pharmaceutical products. We cannot know what form any such legislation may take or the market's perception of how such legislation would affect us. Any reduction in reimbursement from government programs may result in a similar reduction in payments from private payors. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability, or commercialize our current product candidates and those for which we may receive regulatory approval in the future. In addition, given the uncertainties related to the Trump Administration's stated goal of letting the Affordable Care Act (the "ACA") fail, we cannot be certain that current provisions of the ACA will continue to cover prescription drug products.

We and our licensees are subject to various state and federal healthcare-related laws and regulations that may impact the commercialization of our product candidates or could subject us to significant fines and penalties.

Our operations may be directly or indirectly subject to various state and federal healthcare laws, including the federal Anti-Kickback Statute, the federal False Claims Act and state and federal privacy and security laws. These laws may impact, among other things, the commercial operations for any of our product candidates that may be approved for commercial sale.

The federal Anti-Kickback Statute prohibits persons from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in exchange for or to induce either the referral of an individual, or the furnishing or arranging for a good or service for which payment may be made under a federal healthcare program, such as the Medicare and Medicaid programs. Several courts have interpreted the statute's intent requirement to mean that if any one purpose of an arrangement involving remuneration is to induce referrals of federal healthcare covered business, the statute has been violated. The Anti-Kickback Statute is broad and prohibits many arrangements and practices that are lawful in businesses outside of the healthcare industry. Penalties for violations of the federal Anti-Kickback Statute include criminal penalties and civil sanctions such as fines, penalties, imprisonment and possible exclusion from Medicare, Medicaid and other federal healthcare programs.

The federal False Claims Act prohibits persons from knowingly filing, or causing to be filed, a false claim to, or the knowing use of false statements to obtain payment from the federal government. Suits filed under the False Claims Act, known as "qui tam" actions, can be brought by any individual on behalf of the government and such individuals, commonly known as "whistleblowers," may share in any amounts paid by the entity to the government in fines or settlement. The filing of qui tam actions has caused a number of pharmaceutical, medical device and other healthcare companies to have to defend a False Claims Act action. When an entity is determined to have violated the False Claims Act, it may be required to pay up to three times the actual damages sustained by the government, plus civil penalties for each separate false claim. Various states also have enacted laws modeled after the federal False Claims Act.

The Federal Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), created new federal criminal statutes that prohibit executing a scheme to defraud any healthcare benefit program and making false statements relating to healthcare matters. The health care fraud statute prohibits knowingly and willfully executing a scheme to defraud any health care benefit program, including private payors. The statute prohibits knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false, fictitious or fraudulent statement in connection with the delivery of or payment for health care benefits, items or services. HIPAA, as amended by the Health Information Technology and Clinical Health Act, and its implementing regulations, also impose certain requirements relating to the privacy, security and transmission of individually identifiable health information. We take our obligation to maintain our compliance with these various laws and regulations seriously.

Many states also have adopted laws similar to each of the federal laws described above, some of which apply to healthcare items or services reimbursed by any source, not only the Medicare and Medicaid programs. In addition, some states have laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the applicable compliance guidance promulgated by the federal government, or otherwise restrict payments that may be made to healthcare providers and other potential referral sources, and to report information related to payments and other transfers of value to physicians and other healthcare providers; and state 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, it is possible that some of our or our licensees' business activities could be subject to challenge under one or more of such laws.

If we or our licensees are found to be in violation of any of the laws and regulations described above or other applicable state and federal healthcare laws, we may be subject to penalties, including civil and criminal penalties, damages, fines, exclusion from government healthcare reimbursement programs and the curtailment or restructuring of our operations, any of which could have a material adverse effect on our business and results of operations.

As we or our licensees do more business internationally, we will be subject to additional political, economic and regulatory uncertainties.

We or our licensees may not be able to operate successfully in any foreign market. We believe that because the pharmaceutical industry is global in nature, international activities will be a significant part of future business activities and when and if we or our licensees are able to generate income, a substantial portion of that income will be derived from product sales and other activities outside the United States. Foreign regulatory agencies often establish standards different from those in the United States, and an inability to obtain foreign regulatory approvals on a timely basis could put us at a competitive disadvantage or make it uneconomical to proceed with a product or product candidate's development. International sales may be limited or disrupted by:

- imposition of government controls;
- export license requirements;
- political or economic instability;
- trade restrictions;
- changes in tariffs;
- restrictions on repatriating profits;
- exchange rate fluctuations; and
- withholding and other taxation.

Risks Related to Our Reliance on Third Parties

We and our licensees rely on third parties to provide services in connection with our product candidate development and manufacturing programs. The inadequate performance by or loss of any of these service providers could affect our product candidate development.

Third parties provide services in connection with preclinical and clinical development programs, including *in vitro* and *in vivo* studies, assay and reagent development, immunohistochemistry, toxicology, pharmacokinetics, clinical trial support, manufacturing and other outsourced activities. If these service providers do not adequately perform the services for which we or our licensees have contracted, or cease to continue operations, and we are not able to find a replacement provider quickly or we lose information or items associated with our product candidates, our development programs may be delayed.

Agreements with other third parties, many of which are significant to our business, expose us to numerous risks.

Our financial resources and our marketing experience and expertise are limited. Consequently, our ability to develop products successfully depends, to a large extent, upon securing the financial resources and marketing capabilities of third parties. For example, we have licensed our bacterial cell expression technology, a set of enabling technologies used to discover and screen, as well as develop and manufacture, recombinant antibodies and other proteins for commercial purposes, to over 60 companies.

Because our licensees, suppliers and contractors are independent third parties, they may be subject to different risks than we are and have significant discretion in, and different criteria for, determining the efforts and resources they will apply related to their agreements with us. If these licensees, suppliers and contractors do not successfully perform the functions for which they are responsible, we may not have the capabilities, resources or rights to do so on our own.

We do not know whether we or, our licensees will successfully develop and market any of the products that are or may become the subject of any of our licensing arrangements. In addition, third-party arrangements such as ours also increase uncertainties in the related decision-making processes and resulting progress under the arrangements, as we and our licensees may reach different conclusions, or support different paths forward, based on the same information, particularly when large amounts of technical data are involved.

Under our contract with NIAID, a part of the National Institute of Health ("NIH"), we invoiced using NIH provisional rates, and these are subject to future audits at the discretion of NIAID's contracting office. These audits can result in an adjustment to revenue previously reported, which potentially could be significant.

Although we continue to evaluate additional strategic alliances and potential partnerships, we do not know whether or when any such alliances or partnerships will be entered into.

Failure of our product candidates to meet current Good Manufacturing Practices standards may subject us to delays in regulatory approval and penalties for noncompliance.

Our licensees may rely on third party manufacturers and such contract manufacturers are required to produce clinical product candidates under current Good Manufacturing Practices ("cGMP") to meet acceptable standards for use in clinical trials and for commercial sale, as applicable. If such standards change, the ability of contract manufacturers to produce our product candidates on the schedule required for our clinical trials or to meet commercial requirements may be affected. In addition, contract manufacturers may not perform their obligations under their agreements with us or our licensees, or may discontinue their business before the time required by us to successfully produce clinical and commercial supplies of our product candidates.

Contract manufacturers are subject to pre-approval inspections and periodic unannounced inspections by the FDA and corresponding state and foreign authorities to ensure strict compliance with cGMP and other applicable government regulations and corresponding foreign standards. We do not have control over a third-party manufacturer's compliance with these regulations and standards. Any difficulties or delays in contractors' manufacturing and supply of our product candidates or any failure of our contractors to maintain compliance with the applicable regulations and standards could increase costs, cause us to reduce revenue, make us or our licensees postpone or cancel clinical trials, prevent or delay regulatory approval by the FDA and corresponding state and foreign authorities, prevent the import and/or export of our product candidates, or cause any of our product candidates that may be approved for commercial sale to be recalled or withdrawn.

Certain of our technologies are in-licensed from third parties, so our and our licensees' capabilities using them are restricted and subject to additional risks.

We license technologies from third parties. These technologies include phage display technologies licensed to us in connection with our bacterial cell expression technology licensing program and antibody products. However, our and our licensees' use of these technologies is limited by certain contractual provisions in the licenses relating to them, and although we have obtained numerous licenses, intellectual property rights in the area of phage display are particularly complex. If the owners of the patent rights underlying the technologies that we license do not properly maintain or enforce those patents, our competitive position and business prospects could be harmed. They may determine not to pursue litigation against other companies that are infringing these patents, or they may pursue such litigation less aggressively than we would. If we are unable to maintain our licenses, patents or other intellectual property, we could lose important protections that are material to continuing our operations and for future prospects. Our licensors also may seek to terminate our license, which could cause us and our licensees to lose the right to use the licensed intellectual property and adversely affect our ability to commercialize our technologies, products or services.

Because many of the companies with which we do business also are in the biotechnobgy sector, the volatility of that sector can affect us indirectly as well as directly.

The same factors that affect us directly also can adversely affect us indirectly by affecting the ability of our partners and others with whom we do business to meet their obligations to us and reduce our ability to realize the value of the consideration provided to us by these other companies.

For example, in connection with our dispositions, we have in the past and may in the future agree to accept equity securities of the licensee in payment of fees. The future value of these or any other shares we receive is subject both to market risks affecting our ability to realize the value of these shares and more generally to the business and other risks to which the issuer of these shares may be subject.

Risks Related to an Investment in Our Common Stock

Our share price may be volatile, and there may not be an active trading market for our common stock.

There can be no assurance the market price of our common stock will not decline below its present market price or there will be an active trading market for our common stock. The market prices of biotechnology companies have been and are likely to continue to be highly volatile. Fluctuations in our operating results and general market conditions for biotechnology stocks could have a significant impact on the volatility of our common stock price. We have experienced significant volatility in the price of our common stock. From January 1, 2017, through November 1, 2017, the share price of our common stock has ranged from a high of $24.92 to a low of $3.96. Factors contributing to such volatility include:

- our abilities to enter into new licensing arrangements or development agreements;
- results of preclinical studies and clinical trials performed by our development partners and licensees;
- information relating to the safety or efficacy of products or product candidates;
- developments regarding regulatory filings;
- our funding requirements and the terms of our financing arrangements;
- technological innovations or new indications for our therapeutic products and product candidates;
- introduction of new products or technologies by us or our competitors;
- sales and estimated or forecasted sales of products for which we receive royalties, if any;
- government regulations;
- developments in patent or other proprietary rights;
- quarterly variations in our results of operations and those of our competitors;
- failure to meet any guidance that we have previously provided regarding our anticipated results;
- changes in earnings estimates or recommendations by securities analysts;
- failure to meet securities analysts' estimates;
- our involvement in litigation and developments relating to such litigation;
- the number of shares issued and outstanding;
- the number of shares trading on an average trading day;
- announcements regarding other participants in the biotechnology and pharmaceutical industries; and
- market speculation regarding any of the above.

If we fail to meet continued listing standards of NASDAQ, our common stock may be delisted, which could have a material adverse effect on the liquidity of our common stock.*

Our common stock is currently traded on the Nasdaq Global Market. The NASDAQ Stock Market LLC ("NASDAQ") has requirements that a company must meet in order to remain listed on NASDAQ.

We have in the past temporarily fallen out of compliance with NASDAQ listing standards and there can be no assurance that we will continue to meet NASDAQ listing requirements in the future.

We received a letter from the Listing Qualifications Staff of The NASDAQ Stock Market LLC (the "Staff") on March 22, 2017, providing notification that we no longer comply with the $50 million in total assets and total revenue standard for continued listing on The Nasdaq Global Market under NASDAQ's Listing Rule 5450(b)(3)(A) and that we also do not comply with either of the two alternative standards of Listing Rule 5450(b), the equity standard and the market value standard.

On May 2, 2017, following ten consecutive business days where the market value of our listed securities was $50 million or greater, we regained compliance with NASDAQ Listing Rule 5450(b)(2)(A).

If future events cause our common stock to be delisted, the liquidity of our common stock would be adversely affected and the market price of our common stock could decrease.

We may issue additional equity securities and thereby materially and adversely affect the price of our common stock.

We expect that significant additional capital will be needed in the future to continue our planned operations. To the extent we raise additional capital by issuing equity securities, including under our At Market Issuance Sales Agreement ("ATM") with Cowen and Company, LLC ("Cowen"), our stockholders may experience substantial dilution. We may sell common stock, convertible securities or other equity securities in one or more transactions at prices and in a manner we determine from time to time. If we sell common stock, convertible securities or other equity securities in more than one transaction, investors may be materially diluted by subsequent sales. These sales may also result in material dilution to our existing stockholders, and new investors could gain rights superior to our existing stockholders.

We are authorized to issue, without stockholder approval, 1,000,000 shares of preferred stock, of which 5,003 shares of Series X preferred stock were issued and outstanding as of November 1, 2017. Each share of Series X is convertible into 1,000 shares of registered common stock based on a conversion price of $4.03 per share of common stock. The total number of shares of common stock issued upon conversion of all issued Series X convertible preferred stock will be 5,003,000 shares. Each share is convertible at the option of the holder at any time, provided that the holder will be prohibited from converting into common stock if, as a result of such conversion, the holder, together with its affiliates, would beneficially own a number of shares above a conversion blocker, which is initially set at 19.99% of our total common stock then issued and outstanding immediately following the conversion of such shares. In addition, we are authorized to issue, generally without stockholder approval, up to 277,333,332 shares of common stock, of which 8,144,077 were issued and outstanding as of November 1, 2017. If we issue additional equity securities, the price of our common stock may be materially and adversely affected.

In addition, funding from collaboration partners and others has in the past and may in the future involve issuance by us of our common stock. We cannot be certain how the purchase price of such shares, the relevant market price or premium, if any, will be determined or when such determinations will be made.

Any issuance by us of equity securities, whether through an underwritten public offering, an at the market offering, a private placement, in connection with a collaboration or otherwise could result in dilution in the value of our issued and outstanding shares, and a decrease in the trading price of our common stock.

We may sell additional equity or debt securities to fund our operations, which may result in dilution to our stockholders and impose restrictions on our business.

In order to raise additional funds to support our operations, we may sell additional equity or debt securities, including under our ATM with Cowen, which would result in dilution to our stockholders and may impose restrictive covenants that would adversely impact our business. The sale of additional equity or convertible debt securities could result in the issuance of additional shares of our capital stock and dilution to all of our stockholders. The incurrence of indebtedness would result in increased fixed payment obligations and could also result in certain 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. If we are unable to expand our operations or otherwise capitalize on our business opportunities, our business, financial condition and results of operations could be materially adversely affected and we may not be able to meet our debt service obligations.

Our organizational documents contain provisions that may prevent transactions that could be beneficial to ourstockholders and may insulate our management from removal.

Our charter and by-laws:

- require certain procedures to be followed and time periods to be met for any stockholder to propose matters to be considered at annual meetings of stockholders, including nominating directors for election at those meetings; and
- authorize our Board of Directors to issue up to 1,000,000 shares of preferred stock without stockholder approval and to set the rights, preferences and other designations, including voting rights, of those shares as the Board of Directors may determine.

In addition, we are subject to the provisions of Section 203 of the Delaware General Corporation Law (the "DGCL"), that may prohibit large stockholders, in particular those owning 15% or more of our outstanding common stock, from merging or combining with us.

These provisions of our organizational documents and the DGCL, alone or in combination with each other, may discourage transactions involving actual or potential changes of control, including transactions that otherwise could involve payment of a premium over prevailing market prices to holders of common stock, could limit the ability of stockholders to approve transactions that they may deem to be in their best interests, and could make it considerably more difficult for a potential acquirer to replace management.

As a public company in the United States, we are subject to the Sarbanes-Oxley Act. We have determined our disclosure controls and procedures and our internal control over financial reporting are effective. We can provide no assurance that we will, at all times, in the future be able to report that our internal controls over financial reporting are effective.

Companies that file reports with the Securities and Exchange Commission ("SEC"), including us, are subject to the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 ("SOX"). Section 404 requires management to establish and maintain a system of internal control over financial reporting, and annual reports on Form 10-K filed under the Securities Exchange Act of 1934, as amended, (the "Exchange Act"), must contain a report from management assessing the effectiveness of our internal control over financial reporting. Ensuring we have adequate internal financial and accounting controls and procedures in place to produce accurate financial statements on a timely basis is a time-consuming effort that needs to be re-evaluated frequently. Failure on our part to have effective internal financial and accounting controls would cause our financial reporting to be unreliable, could have a material adverse effect on our business, operating results, and financial condition, and could cause the trading price of our common stock to fall.

We incur significant costs as a result of operating as a public company, which may adversely affect our operating results and financial condition.

As a public company, we incur significant accounting, legal and other expenses, including costs associated with our public company reporting requirements. We also anticipate that we will continue to incur costs associated with corporate governance requirements, including requirements and rules under SOX and the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") among other rules and regulations implemented by the SEC, as well as listing requirements of NASDAQ. Furthermore, these laws and regulations could make it difficult or costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these requirements could also make it difficult for us to attract and retain qualified persons to serve on our Board of Directors, our Board Committees or as executive officers.

New laws and regulations as well as changes to existing laws and regulations affecting public companies, including the provisions of SOX and Dodd-Frank and rules adopted by the SEC and NASDAQ, would likely result in increased costs to us as we respond to their requirements. We continue to invest resources to comply with evolving laws and regulations, and this investment may result in increased general and administrative expense.

We are subject to foreign currency exchange rate risks.

We are subject to foreign currency exchange rate risks because substantially all of our revenues and operating expenses are paid in U.S. Dollars, but we incur certain expenses, as well as interest and principal obligations with respect to our loan from Servier in Euros. To the extent the U.S. Dollar declines in value against the Euro, the effective cost of servicing our Euro-denominated debt will be higher. Changes in the exchange rate result in foreign currency gains or losses. There can be no assurance foreign currency fluctuations will not have a material adverse effect on our business, financial condition, liquidity or results of operations.

Our ability to use our net operating loss carry-forwards and other tax attributes will be substantially limited by Section 382 of the U.S. Internal Revenue Code.

Section 382 of the U.S. Internal Revenue Code of 1986, as amended, generally limits the ability of a corporation that undergoes an "ownership change" to utilize its net operating loss carry-forwards ("NOLs") and certain other tax attributes against any taxable income in taxable periods after the ownership change. The amount of taxable income in each taxable year after the ownership change that may be offset by pre-change NOLs and certain other pre-change tax attributes is generally equal to the product of (a) the fair market value of the corporation's outstanding shares (or, in the case of a foreign corporation, the fair market value of items treated as connected with the conduct of a trade or business in the United States) immediately prior to the ownership change and (b) the long-term tax exempt rate (i.e., a rate of interest established by the U.S. Internal Revenue Service ("IRS") that fluctuates from month to month). In general, an "ownership change" occurs whenever the percentage of the shares of a corporation owned, directly or indirectly, by "5-percent shareholders" (within the meaning of Section 382 of the Internal Revenue Code) increases by more than 50 percentage points over the lowest percentage of the shares of such corporation owned, directly or indirectly, by such "5-percent shareholders" at any time over the preceding three years.

Based on an analysis under Section 382 of the Internal Revenue Code (which subjects the amount of pre-change NOLs and certain other pre-change tax attributes that can be utilized to an annual limitation), we experienced ownership changes in 2009 and 2012, which substantially limit the future use of our pre-change NOLs and certain other pre-change tax attributes per year. As of December 31, 2016, we have excluded the NOLs and research and development credits that will expire as a result of the annual limitations. To the extent that we do not utilize our carry-forwards within the applicable statutory carry-forward periods, either because of Section 382 limitations or the lack of sufficient taxable income, the carry-forwards will also expire unused.

In February 16, 2017, we completed an equity financing for net proceeds of $24.9 million which triggered an additional ownership change under Section 382 that significantly impacted the availability of our tax attributes against future income. Further, due to the existence of a net unrealized built-in loss at the ownership change date, Section 382 further limits our ability to fully utilize the tax deductions associated with certain of our assets, including depreciation and amortization deductions recognized during the 60-month period following the ownership change ending in 2022. Although these deductions will occur in the post-change period, Section 382 treats the deductions as pre-change losses subject to the annual 382 limitation..

Risks Related to Employees, Location, Data Integrity, and Litigation

The loss of key personnel, including our Chief Executive Officer or Chief Financial Officer, could delay or prevent achieving our objectives.

Our product development and business efforts could be affected adversely by the loss of one or more key members of our staff, particularly our executive officers: James R. Neal, our Chief Executive Officer; and Thomas Burns, our Senior Vice President, Finance and Chief Financial Officer. We currently do not have key person insurance on any of our employees.

Because we are a small biopharmaceutical company with limited resources, we may not be able to attract and retain qualified personnel.

After a series of restructuring activities during 2016 and 2017, we had 12 employees as of November 1, 2017. We may require additional experienced executive, accounting, research and development, legal, administrative and other personnel from time to time in the future. There is intense competition for the services of these personnel, especially in California. Moreover, we expect that the high cost of living in the San Francisco Bay Area, where our headquarters are located, may impair our ability to attract and retain employees in the future. If we do not succeed in attracting new personnel and retaining and motivating existing personnel, our business may suffer and we may be unable to implement our current initiatives or grow effectively.

Calamities, power shortages or power interruptions at our Berkeley headquarters could disrupt our business and adversely affect our operations.

Our principal operations are located in Northern California, including our corporate headquarters in Berkeley, California. This location is in an area of seismic activity near active earthquake faults. Any earthquake, terrorist attack, fire, power shortage or other calamity affecting our facilities may disrupt our business and could have material adverse effect on our results of operations.

Our business and operations would suffer in the event of system failures.

Despite the implementation of security measures, our internal computer systems and those of our current and any future licensees, suppliers, contractors and consultants are vulnerable to damage from cyber−attacks, computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. We could experience failures in our information systems and computer servers, which could be the result of a cyber−attack and could result in an interruption of our normal business operations and require substantial expenditure of financial and administrative resources to remedy. System failures, accidents or security breaches can cause interruptions in our operations and can result in a material disruption of our development programs and other business operations. The loss of clinical trial data from completed or future clinical trials could result in delays in regulatory approval efforts and significantly increase our costs to recover or reproduce the data. Similarly, we rely on third parties to manufacture our product candidates, and conduct clinical trials of our product candidates, and similar events relating to their computer systems could also have a material adverse effect on our business. To the extent that any disruption or security breach were to result in a loss of, or damage to, our data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability and the development of any of our product candidates could be delayed or otherwise adversely affected.

Data breaches and cyber-attacks could compromise our intellectual property or other sensitive information and cause significant damage to our business and reputation.

In the ordinary course of our business, we maintain sensitive data on our networks, including our intellectual property and proprietary or confidential business information relating to our business and that of our customers and business partners. The secure maintenance of this information is critical to our business and reputation. We believe 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, all 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. Cyber-attacks have become more prevalent and much harder to detect and defend against. Our network and storage applications may be subject to unauthorized access by hackers or breached due to operator error, malfeasance or other system disruptions. It is often difficult to anticipate or immediately detect such incidents and the damage caused by such incidents. 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 clinical trial patients, customers and others. Cyber-attacks could cause us to incur significant remediation costs, result in product development delays, disrupt key business operations and divert attention of management and key information technology resources. These incidents could also subject us to liability, expose us to significant expense and cause significant harm to our reputation and business.

We and certain of our officers and directors have been named as defendantsin shareholder lawsuits. These lawsuits, and potential similar or related lawsuits, could result in substantial damages, divert management's time and attention from our business, and have a material adverse effect on our results of operations.*

Securities-related class action and shareholder derivative litigation has often been brought against companies, including many biotechnology companies, which experience volatility in the market price of their securities. This risk is especially relevant for us because biotechnology and biopharmaceutical companies often experience significant stock price volatility in connection with their product development programs.

On July 24, 2015, a purported securities class action lawsuit was filed in the United States District Court for the Northern District of California, captioned*Markette v. XOMA Corp., et al.* (Case No. 3:15-cv-3425) naming as defendants us and certain of our officers. The complaint asserts that all defendants violated Section 10(b) of the Exchange Act and SEC Rule 10b-5, by making materially false or misleading statements regarding our EYEGUARD-B study between November 6, 2014 and July 21, 2015. The plaintiff also alleges that Messrs. Varian and Rubin violated Section 20(a) of the Exchange Act. The plaintiff seeks class certification, an award of unspecified compensatory damages, an award of reasonable costs and expenses, including attorneys' fees, and other further relief as the Court may deem just and proper. On May 13, 2016, the Court appointed a lead plaintiff and lead counsel. The lead plaintiff filed an amended complaint on July 8, 2016 asserting the same claims and adding a former director as a defendant. On September 2, 2016, the defendants filed a motion to dismiss with prejudice the amended complaint. The plaintiff filed his opposition to the motion to dismiss on October 7, 2016. The defendants filed a reply in support of their motion to dismiss on October 21, 2016. The judge in the case has advised that he will rule on the motion based on those pleadings, but has not yet issued a ruling. On May 26, 2017, the judge ordered supplemental briefing on the motion to dismiss based on a recent decision issued in the United States Court of Appeals for the Ninth Circuit, City of Dearborn Heights Act 345 Police & Retirement Sys. v. Align Tech., Inc., 2017 WL 1753276 (9th Cir. May 5, 2017). The parties filed supplemental briefs on June 9, 2017. On September 28, 2017, the Court granted defendants' motion to dismiss with leave to amend. On October 24, 2017, the parties filed a Joint Stipulation, agreeing to dismiss the action. On October 25, 2017, the Court granted the Stipulation, issuing an Order of Dismissal. The Order dismisses the action with prejudice with respect to the named Plaintiff's individual claims and without prejudice with respect to unnamed class members.

On October 1, 2015, a stockholder purporting to act on our behalf, filed a derivative lawsuit in the Superior Court of California for the County of Alameda, purportedly asserting claims on behalf of us against certain of our officers and the members of our Board of Directors, captioned *Silva v. Scannon, et al.* (Case No. RG15787990). The lawsuit asserts claims for breach of fiduciary duty, corporate waste and unjust enrichment based on the dissemination of allegedly false and misleading statements related to our EYEGUARD-B study. The plaintiff is seeking unspecified monetary damages and other relief, including reforms and improvements to our corporate governance and internal procedures. This action has been currently stayed pending further developments in the securities class action. Management believes the allegations have no merit and intends to vigorously defend against the claims.

On November 16, and November 25, 2015, two derivative lawsuits were filed purportedly on our behalf in the United States District Court for the Northern District of California, captioned *Fieser v. Van Ness, et al.* (Case No. 4:15-CV-05236-HSG) and *Csoka v. Varian, et al.* (Case No. 3:15-cv-05429-SI), against certain of our officers and the members of our Board of Directors. The lawsuits assert claims for breach of fiduciary duty and other violations of law based on the dissemination of allegedly false and misleading statements related to the our EYEGUARD-B study. The plaintiffs seek unspecified monetary damages and other relief including reforms and improvements to our corporate governance and internal procedures. Both actions have been currently stayed pending further developments in the securities class action. Management believes the allegations have no merit and intends to vigorously defend against the claims.

It is possible that additional suits will be filed, or allegations received from stockholders, with respect to these same or other matters and also naming us and/or our officers and directors as defendants. These and any other related lawsuits are subject to inherent uncertainties, and the actual defense and disposition costs will depend upon many unknown factors. The outcome of these lawsuits are uncertain. We could be forced to expend significant resources in the defense of these suits and we may not prevail. In addition, we may incur substantial legal fees and costs in connection with these lawsuits. We currently are not able to estimate the possible cost to us from these lawsuits, as they are currently at an early stage, and we cannot be certain how long it may take to resolve these matters or the possible amount of any damages that we may be required to pay. We have not established any reserve for any potential liability relating to these lawsuits. It is possible that we could, in the future, incur judgments or enter into settlements of claims for monetary damages. A decision adverse to our interests on these actions could result in the payment of substantial damages, or possibly fines, and could have a material adverse effect on our cash flow, results of operations and financial position.

Monitoring, initiating and defending against legal actions, including the currently pending litigation, are time-consuming for our management, are likely to be expensive and may detract from our ability to fully focus our internal resources on our business activities. The outcome of litigation is always uncertain, and in some cases could include judgments against us that require us to pay damages, enjoin us from certain activities, or otherwise affect our legal or contractual rights, which could have a significant adverse effect on our business. In addition, the inherent uncertainty of the currently pending litigation and any future litigation could lead to increased volatility in our stock price and a decrease in the value of an investment in our common stock.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description	Incorporation By Reference			
		Form	SEC File No.	Exhibit	Filing Date
3.1	Certificate of Incorporation of XOMA Corporation	8-K	000-14710	3.1	01/03/2012
3.2	Certificate of Amendment of Certificate of Incorporation of XOMA Corporation	8-K	000-14710	3.1	05/31/2012
3.3	Certificate of Amendment of Amended Certificate of Incorporation of XOMA Corporation	8-K	000-14710	3.1	05/28/2014
3.4	Certificate of Amendment to the Amended Certificate of Incorporation of XOMA Corporation	8-K	000-14710	3.1	10/18/2016
3.5	Certificate of Designation of Preferences, Rights and Limitations of Series X Convertible Preferred Stock	8-K	000-14710	3.1	02/16/2017
3.6	By-laws of XOMA Corporation	8-K	000-14710	3.2	01/03/2012
4.1	Reference is made to Exhibits 3.1, 3.2, 3.3, 3.4, 3.5 and 3.6				
4.2	Specimen of Common Stock Certificate	8-K	000-14710	4.1	01/03/2012
4.3	Form of Series X Preferred Stock Certificate	8-K	000-14710	4.1	02/16/2017
4.4	Form of Warrant (February 2015 Warrants)	10-Q	000-14710	4.10	05/07/2015
4.5	Form of Warrant (February 2016 Warrant)	10-Q	000-14710	4.9	05/04/2016
10.1+	Common Stock Purchase Agreement, dated August 24, 2017, by and between XOMA Corporation and Novartis Pharma AG				
10.2+#	IL-1b Target License Agreement, dated August 24, 2017, by and between XOMA Corporation and Novartis Pharma AG				
10.3+#	License Agreement, dated August 24, 2017, by and between XOMA Corporation and Novartis Pharma AG				
10.4+	Asset Purchase Agreement, dated November 4, 2015, between XOMA Corporation and Nanotherapeutics, Inc.				
10.5+#	License Agreement, dated March 23, 2016, between XOMA Corporation and Nanotherapeutics, Inc.				
10.6+#	Amendment and Restatement, dated February 2, 2017, to the Asset Purchase Agreement, dated November 4, 2015, and License Agreement, dated March 23, 2016, between XOMA Corporation and Nanotherapeutics, Inc.				
10.7+*	Officer Employment Agreement, dated August 7, 2017, between XOMA Corporation and James R. Neal				
10.8+*	Officer Employment Agreement, dated August 7, 2017, between XOMA Corporation and Thomas Burns				

10.9+*	Amended and Restated Change of Control Severance Agreement, dated August 7, 2017, to the Change of Control Severance Agreement, dated January 3, 2011, between XOMA Corporation and James R. Neal
10.10+*	Amended and Restated Change of Control Severance Agreement, dated August 7, 2017, to the Change of Control Severance Agreement, dated October 28, 2015, between XOMA Corporation and Thomas Burns
31.1+	Certification of Chief Executive Officer, as required by Rule 13a-14(a) or Rule 15d-14(a)
31.2+	Certification of Chief Financial Officer, as required by Rule 13a-14(a) or Rule 15d-14(a)
32.1+	Certification of Chief Executive Officer and Chief Financial Officer, as required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350)(1)
101.INS+	XBRL Instance Document
101.SCH+	XBRL Taxonomy Extension Schema Document
101.CAL+	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF+	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB+	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE+	XBRL Taxonomy Extension Presentation Linkbase Document

+ Filed herewith

* Indicates a management contract or compensation plan or arrangement.

Confidential treatment has been requested for certain provisions omitted from this Exhibit pursuant to Rule 406 promulgated under the Securities Act. The omitted information has been filed separately with the SEC.

(1) This certification accompanies the Form 10-Q 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 the Registrant 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 Form 10-Q), irrespective of any general incorporation language contained in such filing.

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.

XOMA Corporation

Date: November 6, 2017

By: /s/ JAMES R. NEAL

James R. Neal

Chief Executive Officer (principal executive officer) and Director

Date: November 6, 2017

By: /s/ THOMAS BURNS

Thomas Burns

Senior Vice President, Finance and Chief Financial Officer

(principal financial and principal accounting officer)

Exhibit 10.1

XOMA CORPORATION

COMMON STOCK PURCHASE AGREEMENT

THIS COMMON STOCK PURCHASE AGREEMENT (this "**Agreement**") is made as of August 24, 2017 (the "**Execution Date**") by and between XOMA Corporation, a Delaware corporation (the "**Company**"), and Novartis Pharma AG, a company limited by shares (*Aktiengesellschaft*) incorporated under the laws of Switzerland (the "**Investor**").

RECITALS

WHEREAS, the Company and the Investor have entered into that certain License Agreement (the "**License Agreement**") and that certain IL-1 Target License Agreement by and between XOMA (US) LLC, a wholly owned subsidiary of the Company, and the Investor of even date herewith (together with the License Agreement, the "**License Agreements**");

WHEREAS, pursuant to terms set forth in this Agreement the Company desires to sell to the Investor, and the Investor desires to purchase from the Company, shares of the Company's common stock, par value $0.0075 per share (the "**Common Stock**");

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1

Purchase and Sale of Shares

1.1 ***Sale of Shares***. Subject to the terms and conditions hereof and of the License Agreement, the Company will issue and sell to the Investor, and the Investor will purchase from the Company, at the Closing (as defined below), 539,131 shares of Common Stock (the "**Shares**") for a total purchase price of $5,000,000 (the "**Aggregate Purchase Price**").

1.2 ***Closing***. The purchase and sale of the Shares shall take place at a closing (the "**Closing**") to be held at the offices of Hogan Lovells US LLP, 875 Third Avenue, New York, NY 10022 at a time and date not later than the fifth Business Day after the date on which the Investor receives the Servier Loan Release (as defined in the License Agreement), which time and date shall be specified by the Investor in writing with at least one Business Day's notice, or such other time as agreed by both parties (the "**Closing Date**"). For purposes of this Agreement, "**Business Day**" means any day that is not a Saturday, Sunday or other day on which commercial banks are authorized or required to be closed, as the case may be, in Basel, Switzerland or San Francisco, California. At the Closing, the Company will deliver or cause to be delivered to the Investor the Shares represented by book-entry credits and, concurrently, the Investor shall pay the Aggregate Purchase Price by wire transfer in accordance with the Company's instructions.

SECTION 2

Representations and Warranties of the Company

The Company hereby represents and warrants the following as of the Execution Date and the Closing Date:

2.1 ***Organization and Good Standing and Qualifications***. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite power and authority to own, lease, operate and occupy its properties and to carry on its business as now being conducted. Except for the subsidiaries set forth on Exhibit 21.1 to the Company's Form 10-K for the year ended December 31, 2016, all of which subsidiaries are wholly owned by the Company, the Company does not have any equity interest in, or control, any other business entity. The Company is duly qualified as a foreign corporation to do business and is in good standing in every jurisdiction in which the nature of the business conducted or property owned or leased by it makes such qualification necessary, other than those in which the failure so to qualify or be in good standing would not have a Material Adverse Effect. For purposes of this Agreement, "**Material Adverse Effect**" shall mean any event or condition that would reasonably be likely to have a material adverse effect on the business, operations, properties or financial condition of the Company and its consolidated subsidiaries, taken as a whole, or adversely affect in any material respect the ability of the Company to perform its obligations, or the Investor's rights, under the License Agreements; provided, that none of the following shall, standing alone, constitute a "Material Adverse Effect": the effects of conditions or events that are generally applicable to the capital, financial, banking or currency markets and the biotechnology industry; and changes in the market price of the Common Stock.

2.2 ***Authorization***. (i) The Company has the requisite corporate power and authority to enter into and perform its obligations under this Agreement; (ii) the execution and delivery of this Agreement by the Company, the consummation by the Company of the transactions contemplated hereby and thereby and the issuance, sale and delivery of the Shares have been duly authorized by all necessary corporate action and no further consent or authorization of the Company or its Board of Directors or stockholders is required; and (iii) the Agreement has been duly executed and delivered and constitutes a valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, securities, insolvency, or similar laws relating to, or affecting generally the enforcement of, creditors' rights and remedies, or indemnification or by other equitable principles of general application.

2.3 ***Valid Issuance of Shares***. The issuance of the Shares has been duly authorized by all requisite corporate action. When the Shares are issued, sold and delivered in accordance with the terms of this Agreement for the consideration expressed herein, the Shares will be duly and validly issued and outstanding, fully paid, and nonassessable, and will be free of all liens and restrictions on transfer other than restrictions on transfer under this Agreement and under applicable state and federal securities laws and except as set forth in this Agreement the Investor shall be entitled to all rights accorded to a holder of shares of Common Stock. The Company has reserved a sufficient

2.4 ***No Conflict***. The execution, delivery and performance of this Agreement, and any other document or instrument contemplated hereby, by the Company and the consummation by the Company of the transactions contemplated hereby, do not: (i) violate any provision of the Company's Amended Certificate of Incorporation (the "**Certificate**"), as amended, or the Company's By-laws (the "**Bylaws**"), (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any material agreement, mortgage, deed of trust, indenture, note, bond, license, lease agreement, instrument or obligation to which the Company is a party where such default or conflict would constitute a Material Adverse Effect, (iii) create or impose a lien, charge or encumbrance on any property of the Company under any agreement or any commitment to which the Company is a party or by which the Company is bound, which would constitute a Material Adverse Effect, (iv) result in a violation of any federal, state, local or foreign statute, rule, regulation, order, writ, judgment or decree (including federal and state securities laws and regulations) applicable to the Company or any of its subsidiaries or by which any property or asset of the Company are bound or affected where such violation would constitute a Material Adverse Effect, (v) require any consent of any third-party that has not been obtained pursuant to any material contract to which the Company is subject or to which any of its assets, operations or management may be subject where the failure to obtain any such consent would constitute a Material Adverse Effect, or (vi) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, or require any consent of any third-party that has not been obtained pursuant to, any agreement or other document filed, or required to be filed, as an exhibit to the Commission Documents (as defined below) pursuant to Item 601(b) of Regulation S-K promulgated under the Securities Act of 1933, as amended (the "**Securities Act**"). The Company is not required under federal, state or local law, rule or regulation to obtain any consent, authorization or order of, or make any filing or registration with, any court or governmental agency in order for it to execute, deliver or perform any of its obligations under this Agreement or issue and sell the Shares in accordance with the terms hereof (other than any filings that may be required to be made by the Company with the Securities and Exchange Commission (the "**Commission**"), the Financial Industry Regulatory Authority, Nasdaq or state securities commissions subsequent to the Closing); provided that, for purposes of the representation made in this sentence, the Company is assuming and relying upon the accuracy of the relevant representations and agreements of the Investor herein.

2.5 ***Compliance***. The Company is not, and the execution and delivery of this Agreement and the consummation of the transactions contemplated herewith will not cause the Company to be (i) in violation or default of any provision of any instrument, mortgage, deed of trust, loan, contract, commitment filed with the Commission Documents, (ii) in violation of any provision of any judgment, decree, order or obligation to which it is a party or by which it or any of its properties or assets are bound, or (iii) in violation of any federal, state or, to its knowledge, local statute, rule or governmental regulation, in the case of each of clauses (i), (ii) and (iii), which would have a Material Adverse Effect.

2.6 ***Capitalization***. As of August 24, 2017 (the "**Reference Date**"), a total of 5,003 shares of Series X Preferred Stock of the Company and 7,599,165 shares of Common Stock were issued and outstanding. Other than in the ordinary course of business, the Company has not issued any capital stock since the Reference Date other than pursuant to (i) employee benefit plans disclosed in the Commission Documents, and (ii) outstanding warrants, options or other securities disclosed in the Commission Documents. The outstanding shares of capital stock of the Company have been duly and validly issued and are fully paid and nonassessable, were not issued in violation of any preemptive rights or similar rights to subscribe for or purchase securities, and, for those shares issued until the Closing, have been issued in compliance with all federal and state securities laws, in each case except as would not reasonably be expected to have a Material Adverse Effect. Except as set forth in the Commission Documents, there are no outstanding rights (including, without limitation, preemptive rights), warrants or options to acquire, or instruments convertible into or exchangeable for, any unissued shares of capital stock or other equity interest in the Company, or any contract, commitment, agreement, understanding or arrangement of any kind to which the Company is a party and relating to the issuance or sale of any capital stock of the Company, any such convertible or exchangeable securities or any such rights, warrants or options. Without limiting the foregoing, no other party holds any preemptive right, co-sale right, right of first refusal, or registration right with respect to the Shares or the issuance and sale thereof. There are no shareholder agreements, voting agreements or other similar agreements with respect to the voting of the Shares to which the Company is a party or, to the knowledge of the Company, between or among any of the Company's shareholders.

2.7 ***Commission Documents, Financial Statements***. The Common Stock is registered pursuant to Section 12(b) or 12(g) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and since January 1, 2016 the Company has timely filed all reports, schedules, forms, statements and other documents required to be filed by it with the Commission pursuant to the reporting requirements of the Exchange Act, including material filed pursuant to Section 13(a) or 15(d) of the Exchange Act (all of the foregoing, including filings incorporated by reference therein, being referred to herein as the "**Commission Documents**"). The Common Stock is currently listed on the NASDAQ Global Market. The Company is not in violation of the listing requirements of the NASDAQ Global Market and has no knowledge of any facts that would reasonably lead to delisting or suspension of the Common Stock from the NASDAQ Global Market in the foreseeable future. As of its date, each Commission Document filed since January 1, 2016 complied in all material respects with the requirements of the Exchange Act and the rules and regulations of the Commission promulgated thereunder applicable to such document, and, as of its date, after giving effect to the information disclosed and incorporated by reference therein, no such Commission Document contained any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. As of their respective dates, the financial statements of the Company included in the Commission Documents filed with the Commission since January 1, 2016 complied as to form and substance in all material respects with applicable accounting requirements and the published rules and regulations of the Commission or other applicable rules and regulations with respect thereto. Such financial statements have been prepared in accordance with generally accepted accounting principles ("**GAAP**") applied on a consistent basis during the periods involved (except (i) as

may be otherwise indicated in such financial statements or the notes thereto or (ii) in the case of unaudited interim statements, to the extent they may not include footnotes or may be condensed or summary statements), and fairly present in all material respects the financial position of the Company as of the dates thereof and the results of operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments).

2.8 ***Internal Controls and Procedures.*** The Company maintains disclosure controls and procedures as such terms are defined in, and required by, Rule 13a-15 and Rule 15d-15 under the Exchange Act. Such disclosure controls and procedures are effective as of the latest date of management's evaluation of such disclosure controls and procedures as set forth in the Commission Documents to ensure that all material information required to be disclosed by the Company in the reports that it files or furnishes under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Commission. The Company maintains a system of internal controls over financial reporting sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; and (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP. The Company has disclosed, based on its most recent evaluation prior to the date hereof, to the Company's auditors and the audit committee of the Company's Board of Directors (i) any material weaknesses in its internal control over financial reporting and (ii) any allegation of fraud that involves management of the Company or any other employees of the Company who have a significant role in the Company's internal control over financial reporting or disclosure controls and procedures. Since January 1, 2016, the Company has not received any written complaint, allegation, assertion or claim regarding the accounting or auditing practices, procedures, methodologies or methods of the Company or its internal accounting controls.

2.9 ***Sarbanes-Oxley***. Since January 1, 2016, the Company has been in material compliance with all applicable provisions of the Sarbanes-Oxley Act of 2002, as amended.

2.10 ***Material Adverse Change***. Since June 30, 2017, no event or series of events has or have occurred that would, individually or in the aggregate, have a Material Adverse Effect on the Company.

2.11 ***No Undisclosed Liabilities***. To the Company's knowledge, neither the Company nor any of its subsidiaries has any liabilities, obligations, claims or losses (whether liquidated or unliquidated, secured or unsecured, absolute, accrued, contingent or otherwise) that would be required to be disclosed on a balance sheet of the Company or any of its subsidiaries (including the notes thereto) in conformity with GAAP and are not disclosed in the Commission Documents, other than those incurred in the ordinary course of the Company's or its subsidiaries' respective businesses since June 30, 2017.

2.12 ***No Undisclosed Events or Circumstances***. Except for the transactions contemplated by this Agreement and the License Agreements, no event or circumstance has occurred or exists with respect to the Company, its subsidiaries, or their respective businesses, properties, operations or financial condition that, under applicable law, rule or

regulation, requires a filing with the Commission on Form 8-K (or would be required to be included in a registration statement filed under the Securities Act were such a registration statement filed on the date hereof) or public disclosure or announcement by the Company but that has not been so filed or publicly announced or disclosed.

2.13 ***Actions Pending***. There is no action, suit, claim, investigation or proceeding pending or, to the knowledge of the Company, threatened against the Company or any subsidiary that questions the validity of this Agreement or the transactions contemplated hereby or any action taken or to be taken pursuant hereto. Except as set forth in the Commission Documents or as previously disclosed in writing to the Investor, there is no action, suit, claim, investigation or proceeding pending or, to the knowledge of the Company, threatened, against or involving the Company, any subsidiary, or any of their respective properties or assets that could be reasonably expected to have a Material Adverse Effect on the Company. Except as set forth in the Commission Documents or as previously disclosed in writing to the Investor, no judgment, order, writ, injunction or decree or award has been issued by or, to the knowledge of the Company, requested of any court, arbitrator or governmental agency that could be reasonably expected to result in a Material Adverse Effect.

2.14 ***Compliance with Law***. The businesses of the Company and its subsidiaries have been and are presently being conducted in accordance with all applicable federal, state and local governmental laws, rules, regulations and ordinances, except as would not reasonably be expected to cause a Material Adverse Effect. The Company and each of its subsidiaries have all franchises, permits, licenses, consents and other governmental or regulatory authorizations and approvals necessary for the conduct of its business as now being conducted by it, except for such franchises, permits, licenses, consents and other governmental or regulatory authorizations and approvals, the failure to possess which, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

2.15 ***Regulatory Authorization***. The Company and its subsidiaries possess all certificates, authorizations and permits issued by the appropriate federal, state, local or foreign regulatory authorities necessary to conduct their respective businesses as described in the Commission Documents, except where the failure to possess such certificates, authorizations or permits would not have or reasonably be expected to result in a Material Adverse Effect ("**Material Authorizations**"), and neither the Company nor any of its subsidiaries has received any notice of proceedings relating to the revocation or modification of any Material Authorization.

2.16 ***Patents and Trademarks***. To the Company's knowledge, the Company and each of its subsidiaries has, or has rights to use, all patents, patent applications, trademarks, trademark applications, service marks, trade names, trade secrets, inventions, copyrights, licenses and other similar intellectual property rights (collectively "**Proprietary Rights**") currently owned by or licensed to them in connection with the business currently operated by them that are necessary for use in the conduct of their respective businesses as described in the Commission Documents (collectively, the "**Intellectual Property Rights**"), except where the failure to so have would not reasonably be expected to have a Material Adverse Effect. Neither the Company nor its subsidiaries has received any written notice that it or any of their Intellectual Property Rights infringe or otherwise violate the Proprietary Rights of any person.

To the knowledge of the Company, all of the Intellectual Property Rights are valid and enforceable and there is no existing infringement by another person of any of the Intellectual Property Rights. To the Company's knowledge, there are no breaches or defaults of, or any disputes or threatened disputes concerning, any of the Intellectual Property Rights, except for breaches, defaults and disputes that relate to Intellectual Property Rights that are not and will not be the subject of the License Agreements and which breaches, defaults and disputes would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. Neither the Company nor any of its subsidiaries has received a notice (written or otherwise) that any of the Intellectual Property Rights has expired, terminated or been abandoned, or is expected to expire or terminate or be abandoned, within two years from the date of this Agreement.

2.17 ***Exemption from Registration, Valid Issuance***. Subject to, and in reliance on, the representations, warranties and covenants made herein by the Investor, the issuance and sale of the Shares in accordance with the terms and on the bases of the representations and warranties set forth in this Agreement may and shall be properly issued pursuant to Section 4(a)(2) of the Securities Act, Regulation D promulgated pursuant to the Securities Act ("**Regulation D**") and any other applicable federal and state securities laws. The sale and issuance of the Shares pursuant to, and the Company's performance of its obligations under, this Agreement will not (i) result in the creation or imposition of any liens, charges, claims or other encumbrances upon the Shares or any of the assets of the Company, or (ii) entitle the holders of any outstanding shares of capital stock of the Company to preemptive or other rights to subscribe to or acquire the Shares or other securities of the Company.

2.18 ***Transfer Taxes***. All stock transfer or other taxes (other than income taxes) that are required to be paid in connection with the sale and transfer of the Shares to be sold to the Investor hereunder will be, or will have been, fully paid or provided for by the Company and all laws imposing such taxes will be or will have been fully complied with.

2.19 ***Investment Company***. The Company is not and, after giving effect to the offering and sale of the Shares, will not be an "investment company" as defined in the Investment Company Act of 1940, as amended.

2.20 ***Regulation M Compliance***. The Company has not, and to its knowledge no one acting on its behalf has, (a) taken, directly or indirectly, any action designed to cause or to result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of any of the Shares, (b) sold, bid for, purchased, or paid any compensation for soliciting purchases of, any of the Shares, or (c) paid or agreed to pay to any person any compensation for soliciting another to purchase any other securities of the Company.

2.21 ***Brokers***. Except as disclosed in writing to the Investor prior to the execution of this Agreement, there are no brokers, finders or financial advisory fees or commissions that will be payable by the Company or any of its subsidiaries in respect of the transactions contemplated by this Agreement or the License Agreements.

2.22 ***Money Laundering***. The operations of the Company are and have been conducted at all times in compliance with applicable financial record-keeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, applicable money laundering statutes and applicable rules and regulations thereunder (collectively, the "**Money Laundering Laws**"), and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company with respect to the Money Laundering Laws is pending or, to the knowledge of the Company, threatened.

2.23 ***Foreign Corrupt Practices***. Neither the Company, nor to the knowledge of the Company, any agent or other person acting on behalf of the Company, has (i) directly or indirectly, used any funds for unlawful contributions, gifts, entertainment or other unlawful expenses related to foreign or domestic political activity, (ii) made any unlawful payment to foreign or domestic government officials or employees or to any foreign or domestic political parties or campaigns from corporate funds, (iii) failed to disclose fully any contribution made by the Company (or made by any person acting on its behalf of which the Company is aware) which is in violation of law, or (iv) violated in any material respect any provision of the Foreign Corrupt Practices Act of 1977, as amended.

SECTION 3

Representations and Warranties of the Investor

The Investor hereby represents and warrants the following as of the Execution Date and as of the Closing Date:

3.1 ***Experience***. The Investor is experienced in evaluating companies such as the Company, has such knowledge and experience in financial and business matters that the Investor is capable of evaluating the merits and risks of the Investor's prospective investment in the Company, and has the ability to bear the economic risks of the investment.

3.2 ***Investment***. The Investor is acquiring the Shares for investment for the Investor's own account and not with the view to, or for resale in connection with, any distribution thereof. The Investor understands that the Shares have not been registered under the Securities Act by reason of a specific exemption from the registration provisions of the Securities Act that depends upon, among other things, the bona fide nature of the investment intent as expressed herein. The Investor further represents that it does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participation to any third person with respect to any of the Shares.

3 . 3 ***Rule 144***. The Investor acknowledges that the Shares must be held indefinitely unless subsequently registered under the Securities Act or an exemption from such registration is available. The Investor is aware of the provisions of Rule 144 promulgated under the Securities Act ("**Rule 144**") that permit limited resale of shares purchased in a private placement subject to the satisfaction of certain conditions. In connection therewith, the Investor acknowledges that the Company will make a notation on its stock books regarding the restrictions on transfers set forth in this Section 3, subject to Section 7.3, and will transfer the Shares on the books of the Company only to the extent not inconsistent herewith and therewith.

3.4 ***Access to Information***. The Investor has received and reviewed information about the Company and has had an opportunity to discuss the Company's business, management and financial affairs with its management and to review the Company's facilities. The Investor has had a full opportunity to ask questions of and receive answers from the Company, or any person or persons acting on behalf of the Company, concerning the terms and conditions of an investment in the Shares. The Investor is not relying upon, and has not relied upon, any statement, representation or warranty made by any person, except for the statements, representations and warranties contained in this Agreement and the License Agreement.

3.5 ***Authorization***. This Agreement when executed and delivered by the Investor will constitute a valid and legally binding obligation of the Investor, enforceable in accordance with its terms, subject to: (i) judicial principles respecting election of remedies or limiting the availability of specific performance, injunctive relief, and other equitable remedies; and (ii) bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect generally relating to or affecting creditors' rights.

3.6 ***Investor Status***. The Investor acknowledges that it is either (i) an institutional "accredited investor" as defined in Rule 501(a) of Regulation D of the Securities Act or (ii) a "qualified institutional buyer" as defined in Rule 144A of the Securities Act, and the Investor shall submit to the Company such further assurances of such status as may be reasonably requested by the Company.

3.7 ***No Inducement***. The Investor was not induced to participate in the offer and sale of the Shares by the filing of any registration statement in connection with any public offering of the Company's securities, and the Investor's decision to purchase the Shares hereunder was not influenced by the information contained in any such registration statement.

3.8 ***Beneficial Ownership.*** Immediately following the Investor's purchase of Shares hereunder, the Investor, together with its affiliates, will not beneficially own more than 9.99% of the Common Stock based on the number of shares of Common Stock outstanding as of the Execution Date. For purposes hereof, beneficial ownership and all determinations and calculations (including, without limitation, with respect to calculations of percentage ownership) shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder.

3.9 ***Purpose and Effect***. The Investor is not acquiring the Shares for the purpose of or, to the knowledge of the Investor, with the effect of, changing or influencing the control of the Company, or in connection with or as a participant in any transaction that to the knowledge of the Investor has that purpose or effect.

3.10 **Foreign *Investor***. The Investor hereby represents that (i) it has satisfied itself as to the full observance of the laws of its jurisdiction in connection with any invitation to subscribe for the Shares or any use of this Agreement, including (A) the legal requirements within its jurisdiction for the purchase of the Shares, (B) any foreign exchange restrictions applicable to such purchase, (C) any governmental or other consents that may need to be obtained, and (D) the income tax and other tax consequences, if any, that may be relevant to the purchase, holding, redemption, sale, or transfer of the Shares; (ii) the Investor's subscription

and payment for and continued beneficial ownership of the Shares will not violate any applicable securities or other laws of the Investor's jurisdiction, and (iii) the funds used to purchase the Shares do not violate the anti-money laundering provisions of the Money Laundering Control Act of 1986 or the Bank Secrecy Act of 1970, as amended by the USA Patriot Act of 2001.

3.11 ***Confidentiality***. The Investor has treated all applicable disclosures made to it in connection with the transactions expressly contemplated by this Agreement in accordance with the applicable terms of the Confidentiality Agreement between Novartis International AG and the Company dated as of July 6, 2017.

SECTION 4

Conditions to the Investor's Obligations at Closing

The obligations of the Investor under this Agreement are subject to the fulfillment on or before the Closing of each of the following conditions, any of which may be waived in writing by the Investor (except to the extent not permitted by law):

4.1 ***No Injunction, etc***. No preliminary or permanent injunction or other binding order, decree or ruling issued by a court or governmental agency shall be in effect that shall have the effect of preventing the consummation of the transactions contemplated by this Agreement. No action or claim shall be pending before any court or quasi-judicial or administrative agency of any federal, state, local or foreign jurisdiction or before any arbitrator wherein an unfavorable injunction, judgment, order, decree, ruling or charge would be reasonably likely to (i) prevent consummation of any of the transactions contemplated by this Agreement, (ii) cause any of the transactions contemplated by this Agreement to be rescinded following consummation, or (iii) have the effect of making illegal the purchase of, or payment for, any of the Shares by the Investor.

4.2 ***Representations and Warranties***. The representations and warranties of the Company contained in Section 2 shall be true and correct in all respects on and as of the Closing.

4.3 ***Performance***. The Company shall have performed and complied with all covenants, agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing.

4.4 ***Compliance Certificate***. A duly authorized officer of the Company shall deliver to the Investor at the Closing a certificate stating that the conditions specified in Sections 4.2 and 4.3 have been fulfilled and certifying and attaching the Certificate, the Bylaws and authorizing Board of Directors resolutions with respect to this Agreement, the License Agreement and the transactions contemplated hereby and thereby.

4.5 ***Securities Laws***. The offer and sale of the Shares to the Investor pursuant to this Agreement shall be exempt from the registration requirements of the Securities Act and the registration and/or qualification requirements of all applicable state securities laws.

4.6 ***Authorizations***. All authorizations, approvals or permits, if any, of any governmental authority or regulatory body that are required in connection with the lawful issuance and sale of the Shares pursuant to this Agreement shall have been duly obtained and shall be effective on and as of the Closing.

4.7 ***License Agreement***. The License Agreement shall be in effect.

4.8 ***Legal Opinion***. The Investor shall have received a legal opinion from Cooley LLP in form and substance reasonably acceptable to the Investor.

SECTION 5

Conditions to the Company's Obligations at Closing

The obligations of the Company to the Investor under this Agreement are subject to the fulfillment on or before the Closing of each of the following conditions by the Investor:

5.1 ***Representations and Warranties***. The representations and warranties of the Investor contained in Section 3 shall be true and correct in all material respects on and as of the Closing.

5.2 ***Securities Law Compliance***. The offer and sale of the Shares to the Investor pursuant to this Agreement shall be exempt from the registration requirements of the Securities Act and the registration and/or qualification requirements of all applicable state securities laws.

5.3 ***Authorization***. All authorizations, approvals or permits, if any, of any governmental authority or regulatory body that are required in connection with the lawful issuance and sale of the Shares pursuant to this Agreement shall have been duly obtained and shall be effective on and as of the Closing.

5.4 ***License Agreement***. The License Agreement shall be in effect.

SECTION 6

Company Covenants

6.1 ***SEC Filings***. The Company will timely make all filings with the Commission that are required by the Company in connection with its entrance into this Agreement and the offer and sale of the Shares.

SECTION 7

Resales; Registration Rights

7.1 ***Rule 144 Reporting***. With a view to making available to the Investor the benefits of certain rules and regulations of the Commission that may permit the sale of the Shares to the public without registration, the Company agrees to use commercially reasonable efforts to:

(a) Make and keep public information available, as those terms are understood and defined in Rule 144;

(b) File with the Commission in a timely manner all reports and other documents required of the Company under the Exchange Act; and

(c) Furnish the Investor forthwith upon request (i) a written statement by the Company as to its compliance with the public information requirements of Rule 144, (ii) a copy of the most recent annual or quarterly report of the Company, and (iii) such other reports and documents as may be reasonably requested in availing the Investor of any rule or regulation of the Commission permitting the sale of any such securities without registration.

7.2 ***Registration***.

(a) If, after the six month anniversary of the Closing Date, the Shares cannot be sold without restriction pursuant to Rule 144, then upon the Investor's written request, the Company will use commercially reasonable efforts to register the Shares for resale under the Securities Act on a Registration Statement on Form S-3 (the "**Registration Statement**"), filed within 60 days of such written request, and will use commercially reasonable efforts to have such Registration Statement promptly declared effective by the Commission; provided however, that the Company will not be required to register the Shares if the reason why the Investor is unable to sell the Shares without restriction pursuant to Rule 144 is due to the fact that the Investor purchased additional shares of Common Stock on either the public market or in a private transaction.

(b) The Company will use commercially reasonable efforts to keep the Registration Statement continuously effective under the Securities Act until the date all of the Shares covered by such Registration Statement have been sold or can be sold publicly without restriction or limitation under Rule 144.

(c) It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Section 7.2 that the Investor shall furnish to the Company such information regarding the Investor, and the distribution proposed by the Investor, as the Company may reasonably request and as shall be required in connection with the Registration Statement.

(d) The Company shall pay all fees and expenses incident to the performance of or compliance with this Section 7.2 by the Company.

7.3 ***Restrictive Legend***. The book-entry credits representing the Shares, when issued, will bear a restrictive legend in substantially the following form:

"THE SECURITIES EVIDENCED OR CONSTITUTED HEREBY HAVE BEEN ISSUED WITHOUT REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED AND MAY NOT BE SOLD, OFFERED FOR SALE, TRANSFERRED, PLEDGED OR HYPOTHECATED WITHOUT REGISTRATION UNDER THE ACT UNLESS EITHER (i) THE COMPANY HAS RECEIVED AN OPINION OF COUNSEL, IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE COMPANY, TO THE EFFECT THAT REGISTRATION IS NOT REQUIRED IN CONNECTION WITH SUCH DISPOSITION OR (ii) THE SALE OF SUCH SECURITIES IS MADE PURSUANT TO SECURITIES AND EXCHANGE COMMISSION RULE 144."

The legend set forth in this Section 7.3 and the related notation in the Company's stock books shall be removed and the Company shall cause such legend to be removed from the book- entry credits representing the Shares within two Business Days of a request by the Investor if (i) the Shares are registered for resale under the Securities Act, (ii) the Shares are sold or transferred in compliance with Rule 144, or (iii) the Shares are eligible for sale under Rule 144 without the requirement for the Company to be in compliance with the current public information required under Rule 144. Following Rule 144 becoming available for the resale of Shares, without the requirement for the Company to be in compliance with the current public information required under Rule 144, the Company shall (at the Company's expense), upon the written request of the Investor, and within two Business Days of such request, cause its counsel to issue to the Company's transfer agent a legal opinion authorizing the removal of the legend from the book-entry credits representing the Shares, if requested by such transfer agent.

SECTION 8

Indemnification

Each party (an "**Indemnifying Party**") hereby indemnifies and holds harmless the other party, such other party's respective officers, directors, employees, consultants, representatives and advisers, and any and all affiliates of the foregoing (each of the foregoing, an "**Indemnified Party**") from and against all losses, liabilities, costs, damages and expense (including reasonable legal fees and expenses) suffered or incurred by any such Indemnified Party to the extent arising from, connected with or related to (i) breach of any representation or warranty of such Indemnifying Party in this Agreement; and (ii) breach of any covenant or undertaking of any Indemnifying Party in this Agreement. If an event or omission (including, without limitation, any claim asserted or action or proceeding commenced by a third party) occurs that an Indemnified Party asserts to be an indemnifiable event pursuant to this Section 8, the Indemnified Party will provide written notice to the Indemnifying Party, setting forth the nature of the claim and the basis for indemnification under this Agreement. The Indemnified Party will give such written notice to the Indemnifying Party immediately after it becomes aware of the existence of any such event or occurrence. Such notice will be a condition precedent to any obligation of the Indemnifying Party to act under this Agreement but will not relieve it of its obligations under the indemnity except to the extent that the failure to provide prompt notice as provided in this Agreement prejudices the Indemnifying Party with respect to the transactions contemplated by this Agreement and to the defense of the liability. In case any such action is brought by a third party against any Indemnified Party and it notifies the Indemnifying Party of the commencement thereof, the Indemnifying Party will be entitled to participate therein and, to the extent that it wishes, to assume the defense and settlement thereof with counsel reasonably selected by it and, after notice from the Indemnifying Party to the Indemnified Party of such election so to assume the defense and settlement thereof, the Indemnifying Party will not be liable to the Indemnified Party for any legal expenses of other counsel or any other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof, provided, however, that an Indemnified Party shall have the right to employ separate counsel at the expense of the Indemnifying Party if (i) the employment thereof has been specifically authorized in writing by the Indemnifying Party or (ii) representation of both parties by the same counsel would be inappropriate due to actual or potential conflicts

of interests between such parties (which such judgment shall be made in good faith after consultation with counsel). The Indemnified Party agrees to cooperate fully with (and to provide all relevant documents and records and make all relevant personnel available to) the Indemnifying Party and its counsel, as reasonably requested, in the defense of any such asserted claim at no additional cost to the Indemnifying Party. No Indemnifying Party will consent to the entry of any judgment or enter into any settlement with respect to any such asserted claim without the prior written consent of the Indemnified Party, not to be unreasonably withheld or delayed, (a) if such judgment or settlement does not include as an unconditional term thereof the giving by each claimant or plaintiff to each Indemnified Party of a release from all liability in respect to such claim or (b) if, as a result of such consent or settlement, injunctive or other equitable relief would be imposed against the Indemnified Party or such judgment or settlement could materially and adversely affect the business, operations or assets of the Indemnified Party. No Indemnified Party will consent to the entry of any judgment or enter into any settlement with respect to any such asserted claim without the prior written consent of the Indemnifying Party, not to be unreasonably withheld or delayed. If an Indemnifying Party makes a payment with respect to any claim under the representations or warranties set forth herein and the Indemnified Party subsequently receives from a third party or under the terms of any insurance policy a sum in respect of the same claim, the receiving party will repay to the other party such amount that is equal to the sum subsequently received.

SECTION 9

Miscellaneous

9.1 ***Governing Law***. This Agreement shall be governed in all respects by the laws of the State of New York as applied to agreements entered into and performed entirely in the State of New York by residents thereof.

9.2 ***Jurisdiction***. Each party irrevocably submits to the exclusive jurisdiction of the United States District Court for the Southern District of New York for the purposes of any suit, action or other proceeding arising out of this Agreement. Each party agrees to commence any such action, suit or proceeding in the United States District Court for the Southern District of New York or if such suit, action or other proceeding may not be brought in such court for jurisdictional reasons, in the Supreme Court of the State of New York, New York County. Each party irrevocably and unconditionally waives any objection to the laying of venue of any such action, suit or proceeding arising out of this Agreement in the United States District Court for the Southern District of New York, and hereby and thereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

9.3 ***Survival***. The representations, warranties, covenants and agreements made herein shall survive any investigation made by the Investor and the Closing.

9.4 ***Successors, Assigns***. Except as otherwise provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the parties hereto. This Agreement may not be assigned by either party without the prior written consent of the other; except that the Investor may assign this Agreement to an affiliate of such party or and either party may assign this Agreement to any third party that acquires all or substantially all of such party's business, whether by merger, sale of assets or otherwise.

9 . 5 ***Notices***. All notices and other communications required or permitted hereunder shall be in writing and shall be sent by facsimile (receipt confirmed) or mailed by registered or certified mail, postage prepaid, return receipt requested, or otherwise delivered by hand or by messenger, addressed

if to the Investor, at the following address:

Novartis Pharma AG
Lichtstrasse 35
4056 Basel
Switzerland
Attention: Head, BD&L

with a copy to:

Novartis Pharma AG
Lichtstrasse 35
4056 Basel
Switzerland
Attention: General Counsel

if to the Company, at the following address:

XOMA Corporation
2910 Seventh Street
Berkeley, CA 94710

Attention: Thomas Burns, CFO
Email: burns@xoma.com

with a copy to:

Cooley LLP
3175 Hanover St.
Palo Alto, CA 94304
Attention: Michael Tenta
Telephone: (650) 843-5636
Facsimile: (650) 849-7400
Email: mtenta@cooley.com

or at such other address as one party shall have furnished to the other party in writing. All notices and communications under this Agreement shall be deemed to have been duly given (i) when delivered by hand, if personally delivered, (ii) when received by a recipient, if sent by email, (iii) when sent, if sent by facsimile, with an acknowledgement of sending being produced by the sending facsimile machine or (iv) one Business Day following sending within the United States by overnight delivery via commercial one-day overnight courier service.

9.6 ***Expenses***. Each of the Company and the Investor shall bear its own expenses and legal fees incurred on its behalf with respect to this Agreement and the transactions contemplated hereby.

9.7 ***Finder's Fees***. Each of the Company and the Investor shall indemnify and hold the other harmless from any liability for any commission or compensation in the nature of a finder's fee, placement fee or underwriter's discount (including the costs, expenses and legal fees of defending against such liability) for which the Company or the Investor, or any of its respective partners, employees, or representatives, as the case may be, is responsible.

9.8 ***Counterparts***. This Agreement may be executed in counterparts, each of which shall be enforceable against the party actually executing the counterpart, and all of which together shall constitute one instrument.

9.9 ***Severability***. In the event that any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision; provided that no such severability shall be effective if it materially changes the economic benefit of this Agreement to any party.

9.10 ***Entire Agreement***. This Agreement and the License Agreement, including the exhibits and schedules attached hereto and thereto, constitute the full and entire understanding and agreement among the parties with regard to the subjects hereof and thereof. No party shall be liable or bound to any other party in any manner with regard to the subjects hereof or thereof by any warranties, representations or covenants except as specifically set forth herein or therein.

9.11 ***Waiver***. The failure of either party to assert a right hereunder or to insist upon compliance with any term or condition of this Agreement shall not constitute a waiver of that right or excuse a similar subsequent failure to perform any such term or condition by the other party. None of the terms, covenants and conditions of this Agreement can be waived except by the written consent of the party waiving compliance.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

XOMA CORPORATION

By: /s/ Jim R. Neal
Name: Jim R. Neal
Title: CEO

NOVARTIS PHARMA AG

By: /s/ Neil Johnston
Name: Neil Johnston
Title: As Attorney

By: /s/ Kim Parker
Name: Kim Parker
Title: As Attorney

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

XOMA CORPORATION

By: /s/ Jim R. Neal
Name: Jim R. Neal
Title: CEO

NOVARTIS PHARMA AG

By: _____
Name:
Title:

By: _____
Name:
Title:

EXECUTION VERSION

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

Exhibit 10.2

IL-1 TARGET LICENSE AGREEMENT

by and between
XOMA (US) LLC

and

NOVARTIS PHARMA AG

TABLE OF CONTENTS

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List of Exhibits

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

IL-1 TARGET LICENSE AGREEMENT

This IL-1 TARGET LICENSE AGREEMENT (the "Agreement") is entered into as of the 24th day of August, 2017 (the "Effective Date") by and between XOMA (US) LLC, a limited liability company organized under the laws of Delaware having offices at 2910 Seventh St., Berkeley, CA, USA, 94710 ("XOMA "), and Novartis Pharma AG, company limited by shares (*Aktiengesellschaft*) incorporated under the laws of Switzerland and registered in the Commercial Register of the Canton of Basel-Stadt, Switzerland, under number CHE-106.052.527 whose registered office is at Lichtstrasse 35, CH 4056 Basel, Switzerland ("Novartis"). XOMA and Novartis are each referred to herein by name or as a "Party" or, collectively, as the "Parties."

RECITALS

WHEREAS, XOMA possesses proprietary technology and intellectual property rights with respect to IL-1 Antibodies and IL-1 Products (as defined below);

WHEREAS, Novartis possesses expertise in the manufacture, development and commercialization of human therapeutic products; and

WHEREAS, the Parties desire that XOMA grant Novartis non-exclusive rights with respect to XOMA IL-1 IP to permit Novartis to make, use, sell, offer for sale, import, and otherwise exploit IL-1 Products in the Field in the Territory and an exclusive option with respect to Canakinumab (each, as defined below), in exchange for certain royalties to be paid to XOMA and the other consideration referenced herein, all on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I
DEFINITIONS

As used in this Agreement, the following terms will have the meanings set forth in this ARTICLE I unless context dictates otherwise:

"ACA" means the Patient Protection and Affordable Care Act, as the same may be amended or supplemented from time to time.

"Accounting Standards" means IFRS, as generally and consistently applied throughout Novartis' organization. Novartis shall promptly notify XOMA in the event that it changes the Accounting Standards pursuant to which its records are maintained; provided, however, that Novartis may only use internationally recognized accounting principles (e.g., IFRS, GAAP, etc.).

"Acquiror IP" means, in connection with a Change of Control of XOMA, any Patents and/or Know-How owned or controlled by a Third Party acquiror of XOMA immediately prior

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

to the date of the Change of Control or developed or generated thereafter by such Third Party acquiror without use of or access to the XOMA IP existing immediately prior to such date.

"Affiliate" means any Person that directly or indirectly controls or is controlled by or is under common control with a Party. For the purpose of this definition, "control," "controls" or "controlled" means ownership (directly or through one (1) or more Affiliates) of fifty percent (50%) or more of the shares of stock entitled to vote for the election of directors (in the case of a corporation) or fifty percent (50%) or more of the equity interests (in the case of any other type of legal entity), status as a general partner in any partnership, any other arrangement whereby a Person controls or has the right to control the board of directors or equivalent governing body of a corporation or other entity or the ability to cause the direction of the management or policies of a corporation or other entity. The Parties acknowledge that in the case of certain entities organized under the Laws of certain countries, the maximum percentage ownership permitted by Law for a foreign investor may be less than fifty percent (50%), and that in such case such lower percentage shall be substituted in the preceding sentence; provided, that such foreign investor has the power to direct the management and policies of such entity.

"AIA Proceedings" means post-issuance patent challenges and other proceedings under the U.S. Leahy-Smith America Invents Act.

"Biosimilar" a biological medicinal product for human use which (a) is highly similar to a reference biological medicinal product that has Regulatory Approval in the country in question; (b) has no clinically meaningful differences from such reference product in terms of quality, safety and efficacy, and (c) is approved for use (i) in the United States as a biosimilar biologic product (as defined in the ACA) pursuant to an abbreviated regulatory approval process established under the ACA; (ii) in the EU as a similar biologic medicinal product pursuant to Directive 2001/83/EC or Regulation (EC) No 726/2004 (as applicable); and/or (iii) in any other country pursuant to an equivalent regime in such country.

"BLA" means a Biologics License Application filed with the FDA in the United States with respect to an IL-1 Product, as defined in Title 21 of the U.S. Code of Federal Regulations, Section 601.2 et seq., or a comparable filing for Regulatory Approval in a jurisdiction other than the United States.

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks are authorized or required to be closed, as the case may be, in Basel, Switzerland or San Francisco, California.

"Calendar Quarter" means a period of three (3) consecutive months ending on the last day of March, June, September, or December, respectively.

"Calendar Year" means a period of twelve (12) consecutive months beginning on January 1 and ending on December 31.

"Canakinumab" means the antibody known as canakinumab and any isoforms, allelic variants, mutants, polymorphisms, modified forms and fragments thereof, and human and non-human counterparts of the foregoing.

"Canakinumab Biosimilar" means a Biosimilar of Canakinumab.

[*] means the period during which [*] or [*] with respect to [*] (a) [*] or (b) [*]

"Canakinumab Patents" mean [*] and/or the [*]

"Canakinumab Product" means any pharmaceutical or biological product containing Canakinumab (alone or with other active ingredients), in all forms, presentations, formulations, methods of administration and dosage forms. For the purposes of this Agreement, Canakinumab Product shall be deemed to include Canakinumab Biosimilars.

"Change of Control" means, with respect to a Party: (a) completion of a merger, reorganization, amalgamation, arrangement, share exchange, consolidation, tender or exchange offer, private purchase, business combination, recapitalization or other transaction involving such Party or such Party's ultimate parent as a result of which the stockholders of such Party or parent immediately preceding such transaction hold less than fifty percent (50%) of the outstanding shares, or less than fifty percent (50%) of the outstanding voting power, respectively, of the ultimate company or entity resulting from such transaction immediately after consummation thereof (including a company or entity which as a result of such transaction owns the then-outstanding securities of a Party or all or substantially all of a Party's assets, either directly or through one (1) or more subsidiaries); (b) the adoption of a plan relating to the liquidation or dissolution of a Party or its ultimate parent, other than in connection with a corporate reorganization (without limitation of clause (a), above); (c) the sale or disposition to a Third Party of all or substantially all the assets of a Party (determined on a consolidated basis); or (d) the sale or disposition to a Third Party of assets or businesses that constitute fifty percent (50%) or more of the total revenue or assets of a Party (determined on a consolidated basis). The entity(ies) gaining control of such Party pursuant to a transaction described in the preceding sentence are referred to herein as the "Acquiror."

"Combination Product" means any pharmaceutical or biological product (in any formulation) containing one (1) or more active pharmaceutical ingredients in addition to the CV Canakinumab Product.

"Control", "Controls" or "Controlled" means, with respect to any Know-How, Patents, proprietary information or trade secrets, or other intellectual property rights (collectively, "Rights"), the legal authority or right (whether by ownership, license or otherwise) of a Party to grant a license or a sublicense of or under such Rights to the other Party, or to otherwise disclose such proprietary information or trade secrets to the other Party, without breaching the terms of any agreement with a Third Party, or misappropriating the proprietary information or trade secrets of a Third Party.

"Cover", "Covering" or "Covered" means, with respect to a product, composition, technology, process or method, that, in the absence of ownership of or a license granted under a Valid XOMA IL-1 Claim, the manufacture, use, offer for sale, sale or importation of such product or composition, or the practice of such technology, process or method, would infringe such Valid XOMA IL-1 Claim (or, in the case of a Valid XOMA IL-1 Claim that has not yet issued, would infringe such Valid XOMA IL-1 Claim if it were to issue as then being prosecuted in good faith).

"CV Canakinumab Product" means the Canakinumab Product for the CV Indication.

"CV Indication" means the [*] For clarity, a CV Indication [*] including [*] and [*], or [*] or [*] or [*]

"Dollars" or "$"means the legal tender of the U.S.

"EMA" means the European Medicines Agency, and any successor entity thereto.

"Excluded Patents" mean PCT application [*] and all Patents claiming priority thereto.

"Executive Officers" means the Chief Executive Officer (or his designee) of XOMA and the Head BD&L (or his designee) of Novartis International AG, an Affiliate of Novartis.

"FDA" means the U.S. Food and Drug Administration, and any successor entity thereto.

"Field" means [*] indications and uses, including [*] and therapeutic uses.

"First Commercial Sale" means, with respect to a CV Canakinumab Product, the first arm's length sale to a Third Party for use or consumption of any such CV Canakinumab Product in a country. For clarity, the First Commercial Sale shall not include any sale by a Party to its Affiliates or sublicensees (unless such Person is the end user of such CV Canakinumab Product).

"Fixed Dose Combination Product" means a Combination Product administered in fixed-dose form.

"GAAP" means United States generally accepted accounting principles consistently applied by the applicable Person.

"Gevokizumab" means the antibody known as gevokizumab, and any isoforms, allelic variants, mutants, polymorphisms, modified forms and fragments thereof, and human and non-human counterparts of the foregoing. For the purposes of this Agreement, Gevokizumab shall be deemed to include any Gevokizumab Biosimilar.

"HSR Act" means the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

"ICH" means the International Conference on Harmonisation of Technical Requirements for Registration of Pharmaceuticals for Human Use.

"IFRS" means International Financial Reporting Standards, as amended from time to time.

"IL-1 Antibody" means, [*], any [*] and [*] and [*] and [*] For clarity, [*]

"IL-1 Product" means any pharmaceutical or biological product containing an IL-1 Antibody (alone or with other active ingredients), in all [*] including for [*]

"[*]" means [*].

"IL-1b Target" means the interleukin-1b (IL-1b) family of cytokines that mediate immune and inflammatory reactions.

"Indebtedness" means (without duplication), as to any Person, (a) all obligations for the payment of principal, interest, penalties, fees or other liabilities for borrowed money (including guarantees and notes payable), incurred or assumed, (b) all obligations of such Person for the deferred purchase price of property or services, (c) any obligations to reimburse the issuer of any letter of credit, surety bond, debentures, promissory notes, performance bond or other guarantee of contractual performance, (d) all Indebtedness of Third Parties secured by a Lien on property owned or acquired by such Person, (e) any obligation that would be required to be reflected as debt on the balance sheet of such Person under the Accounting Standards and (f) all Indebtedness of others referred to in clauses (a) through (e) above guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement to pay or purchase such Indebtedness, to advance or supply funds for the payment or purchase of such Indebtedness or otherwise to assure a creditor against loss, in each case including all accrued interest and prepayment penalties, if any, and (g) all contingent obligations in respect of indebtedness or obligations of others of the kinds referred to in clauses (a) through (f) above.

"Know-How" means all technical or proprietary information, know-how and data, including inventions (whether patentable or not), discoveries, trade secrets, specifications, instructions, processes, formulae, materials, expertise and other technology applicable to compounds, formulations, compositions, products or to their manufacture, development, registration, use or commercialization or methods of assaying or testing them or processes for their manufacture, formulations containing them, compositions incorporating or comprising them and including all biological, chemical, pharmacological, biochemical, toxicological, pharmaceutical, physical and analytical, safety, quality control, manufacturing, preclinical and clinical data, instructions, processes, formulae, expertise and information, regulatory filings and copies thereof, relevant to the development, manufacture, use or commercialization of and/or which may be useful in studying, testing, development, production or formulation of products, or intermediates for the synthesis thereof.

"Law" or "Laws" means all laws, statutes, rules, regulations, orders, judgments, guidelines or ordinances having the effect of law of any federal, national, multinational, state, provincial, county, city or other political subdivision.

"Liens" means all liens, claims, security interests, licenses, security interests, restrictions on ownership or transferability or other encumbrances of any kind.

[*] means, with respect to any [*] the following has occurred: [*] or [*] or a [*]

"Net Sales" means the net sales on behalf of Novartis and any of its Affiliates or sublicensees (each, a "Selling Party") for any CV Canakinumab Product sold to Third Parties other than sublicensees in bona fide, arm's-length transactions, [*] The deductions booked on an accrual [*] to calculate the recorded net sales from gross sales include[*]

(a) normal trade and cash discounts;

(b) amounts repaid or credited by reasons of defects, rejections, recalls or returns;

(c) rebates and chargebacks to customers and Third Parties (including Medicare, Medicaid, Managed Healthcare and similar types of rebates);

(d) any amounts recorded in gross revenue associated with goods provided to customers for free;

(e) amounts provided or credited to customers through coupons and other discount programs;

(f) delayed ship order credits, discounts or payments related to the impact of price increases between purchase and shipping dates;

(h) [*] and

(i) [*]

In the case of any sale or other disposal of a CV Canakinumab Product between or among Novartis and its Affiliates or sublicensees, for resale, Net Sales shall be calculated only on the value charged or invoiced on the first arm's-length sale thereafter to a Third Party. In the case of any sale which is not invoiced or is delivered before invoice, Net Sales shall be calculated at the time [*]. In the case of any sale or other disposal for value, such as barter or counter-trade, of any CV Canakinumab Product, or part thereof, other than in an arm's-length transaction exclusively for money, Net Sales shall be calculated on the value of the non-cash consideration received or the fair market price (if higher) of a CV Canakinumab Product in the country of sale or disposal.

In the event a CV Canakinumab Product is sold as a Fixed Dose Combination Product, the Net Sales of a CV Canakinumab Product, for the purposes of determining royalty payments, shall be determined by multiplying the Net Sales of the Fixed Dose Combination Product by the fraction, A/(A+B) where A is the weighted (by sales volume) average sale price in a particular country of a CV Canakinumab Product containing Canakinumab as the sole active ingredient when sold separately in finished form and B is the weighted average sale price in that country of the product(s) containing the other component(s) as the sole active ingredient(s) when sold separately in finished form. Regarding prices comprised in the weighted average price when sold

separately referred to above, if these are available for different dosages from the dosages of Canakinumab and other active ingredient components that are included in the Fixed Dose Combination Product, then [*] in calculating the royalty-bearing Net Sales of the Fixed Dose Combination Product. In the event that such weighted average sale price cannot be determined for both a CV Canakinumab Product and the other product(s) in combination, or if the Combination Product is not a Fixed Dose Combination Product, the calculation of Net Sales for purposes of determining royalty payments shall be [*]

For the avoidance of doubt, sales between Novartis, its Affiliates and its sublicensees shall not be considered Net Sales (unless such Person is the end user of a CV Canakinumab Product).

"Patent" means (a) all patents and patent applications in any country or supranational jurisdiction in the Territory, (b) any substitutions, divisionals, continuations, continuations-in-part, provisional applications, reissues, renewals, registrations, confirmations, re-examinations, extensions, supplementary protection certificates and the like of any such patents or patent applications, and (c) foreign counterparts of any of the foregoing.

"Person" means any individual, partnership, joint venture, limited liability company, corporation, firm, trust, association, unincorporated organization, governmental authority or agency, or any other entity not specifically listed herein.

"[*]" means [*] For clarity, [*]

"Prosecution and Maintenance" or "Prosecute and Maintain" means, with regard to a Patent, the preparation, filing, prosecution and maintenance of such Patent, as well as re-examinations, reissues, appeals, and requests for patent term adjustments and patent term extensions with respect to such Patent, together with the initiation or defense of interferences, the initiation or defense of oppositions and other similar proceedings with respect to the particular Patent, and any appeals therefrom, and any AIA Proceedings. For clarification, "Prosecution and Maintenance" or "Prosecute and Maintain" shall not include any other enforcement actions taken with respect to a Patent.

"Regulatory Approval" means, with respect to an IL-1 Product in any country or jurisdiction, the approval (including where required, pricing and reimbursement approvals), registration, license or authorization from a Regulatory Authority in a country or other jurisdiction that is necessary to market and sell such IL-1 Product in such country or jurisdiction.

"Regulatory Authority" means any governmental agency or authority responsible for granting Regulatory Approvals for IL-1 Products, including the FDA, EMA and any corresponding national or regional regulatory authorities.

"Servier Lien Release" means receipt by Novartis of the Servier Payoff Letter completed and fully executed by Servier.

"Servier Loan" means all of the Indebtedness and other obligations due or payable under that certain Loan Agreement by and between XOMA (US) LLC on the one hand, and Les

Laboratoires Servier and Institut de Recherches Servier (together, "Servier") on the other, dated as of December 30, 2010 (as amended, by that certain Consent, Transfer, Assumption and Amendment Agreement by and among XOMA Ireland Limited, XOMA (US) LLC and Les Laboratoires Servier, dated as of August 12, 2013; as amended, by that certain Amendment No. 2 to the Loan Agreement by and between XOMA (US) LLC and Servier, dated as of January 9, 2015; as amended, by that certain Amendment No. 3 to the Loan Agreement by and between XOMA (US) LLC and Servier, dated as of January 17, 2017; and as may be further amended by the parties thereto, subject to the terms of this Agreement) and any other Indebtedness due or payable between XOMA (US) LLC or any XOMA Affiliates and Servier and any Servier Affiliates related to any intellectual property licensed pursuant to this Agreement.

"Servier Payoff Letter" means the payoff letter substantially in the form attached as **EXHIBIT D**, with such amendments or modifications approved in writing by Novartis, which approval shall not be unreasonably withheld or delayed.

"Territory" means all countries of the world.

"Third Party" means any Person other than XOMA or Novartis that is not an Affiliate of XOMA or of Novartis.

"United States" or "U.S." means the United States of America and all of its territories and possessions.

"Valid XOMA IL-1 Claim" means with respect to any country, (a) a claim of an issued and unexpired Patent that is a XOMA IL-1 Patent, or (b) a claim in a filed but not yet granted patent application that is a XOMA IL-1 Patent where such claim has not yet been pending for longer than [*] following the filing of the earliest application from which said patent application derives priority, in each case where such claim has not been (w) disclaimed, cancelled, withdrawn or abandoned, (x) dedicated to the public, (y) declared invalid, unenforceable, unpatentable or revoked by a decision of a court, government agency or other authority, or (z) admitted to be invalid or unenforceable through reexamination, reissue or otherwise; provided, that if such a claim ceases to be a Valid XOMA IL-1 Claim by reason of the foregoing (w) through (z), then such claim shall again be deemed a Valid XOMA IL-1 Claim in the event such claim subsequently issues within a XOMA IL-1 Patent.

"XOMA IL-1 IP" means XOMA IL-1 Know-How and XOMA IL-1 Patents.

"XOMA IL-1 Know-How" means Know-How, other than any Know-How that is part of any Acquiror IP, that is Controlled by XOMA or its Affiliates [*] to make, have made, use, offer for sale, import, sell, and otherwise commercially exploit any IL-1 Antibody and/or IL-1 Products.

"XOMA IL-1 Patents" mean any Patents, other than any Patents that are part of any Acquiror IP, that are Controlled by XOMA or its Affiliates [*] that claim an IL-1 Antibody and/or any IL-1 Products and/or the use, manufacture, import, sale or commercial exploitation thereof, [*] including those set forth on **EXHIBIT A**. Notwithstanding the foregoing, [*]

1.1 Additional Definitions. Each of the following definitions is set forth in the section of this Agreement indicated below:

Act	Section 3.d.i. of Exhibit B
Agreement	Preamble
Auditor	Section 3.5.2
Bankruptcy Code	Section 2.3.1
BPCIA	Section 3.d.ii. of Exhibit B
Canakinumab CV Indication Non-Exclusive License	Section 2.1.1
Canakinumab Exclusive License	Section 2.5
Canakinumab Exclusive License Effective Date	Section 2.5
Canakinumab Non-CV Indication Non-Exclusive License	Section 2.1.1
Claims	Section 7.1
Competing Infringing Activities	Section 3.f. of Exhibit B
Competing Program	Section 4.b. of Exhibit B
Confidential Information	Section 5.1
CV Indication Recovery	Section 3.g. of Exhibit B
[*]	Section [*]
Disclosing Party	Section 5.1
[*]	Section [*]
Effective Date	Preamble
Exclusive Negotiation Period	Section 2.4
Exclusive Option	Section 2.5
Existing Confidentiality Agreement	Section 5.1
Future IP	Section 4.1.2
HSR Filing	Section 2.5
IL-1 License	Section 2.1.1
Indemnified Party	Section 7.3.1
Indemnifying Party	Section 7.3.1
Losses	Section 7.1
Novartis	Preamble
Novartis Indemnitees	Section 7.2
Novartis Interest Notice	Section 2.5
Parties	Preamble
Party	Preamble
Payment Breach	Section 8.2
Product Marks	Section 4.5
Receiving party	Section 5.1
Rights	Definition of ‘Control’ in ARTICLE I
ROFN Notice	Section 2.4
Royalty Term	Section 3.3.2(a)
Sales & Royalty Report	Section 3.3.2
[*]	Section [*]
Selling Party	Definition of ‘Net Sales’ in ARTICLE I
Servier	Definition of ‘Servier Loan’ in ARTICLE I

ARTICLE II
LICENSE GRANTS

2.1 License Grants.

2.1.1 License Grant. XOMA hereby grants to Novartis and its Affiliates (a) a non-exclusive, worldwide, perpetual, irrevocable, royalty-free, sub-licensable (subject to Section 2.1.2) license under the XOMA IL-1 IP to make, have made, use, offer for sale, import, sell, and otherwise commercially exploit all IL-1 Antibodies and IL-1 Products, including Biosimilars of the IL-1 Products, in the Field other than Canakinumab and Canakinumab Products (the "IL-1 License"); (b) a non-exclusive, worldwide, perpetual, irrevocable, royalty-free, sub-licensable (subject to Section 2.1.2) license under the XOMA IL-1 IP to make, have made, use, offer for sale, import, sell, and otherwise commercially exploit Canakinumab and Canakinumab Products, in each case, in the Field other than for the CV Indication (the "Canakinumab Non-CV Indication Non-Exclusive License"); and (c) a non-exclusive, worldwide, royalty-bearing, sub-licensable (subject to Section 2.1.2) license under the XOMA IL-1 IP to make, have made, use, offer for sale, import, sell, and otherwise commercially exploit Canakinumab and Canakinumab Products, in each case, in the Field for the CV Indication (the "Canakinumab CV Indication Non-Exclusive License").

2.1.2 Sublicensing. The license grants in Section 2.1.1 include the right to grant and authorize sublicenses solely in connection with those IL-1 Antibodies and IL-1 Products that are developed by or on behalf of Novartis, its Affiliates and sublicensees in multiple tiers; provided, that: (a) Novartis shall require that each sublicensee comply with all applicable provisions of this Agreement; and (b) Novartis shall remain directly responsible for each sublicensee's performance in connection with this Agreement.

2.2 Rights Retained by the Parties. For purposes of clarity, (a) each Party retains all rights under the Know-How and Patents Controlled by such Party not expressly granted to the other Party pursuant to this Agreement; and (b) XOMA does not grant Novartis any rights under any Know-How and Patents Controlled by XOMA to make, have made, use, offer for sale, import, sell or otherwise exploit Gevokizumab under this Agreement. Novartis shall not, and shall not permit any of its Affiliates or sublicensees to, practice or use any of the XOMA IL-1 Patents or XOMA IL-1 Know-How outside of the scope of the license granted under Section 2.1.1 and/or Section 2.5, as applicable.

2.3 Rights in Bankruptcy.

2.3.1 The Parties agree that this Agreement constitutes an executory contract under Section 365 of the United States Bankruptcy Code, 11 U.S.C. §§ 101 et seq. (the "Bankruptcy Code") for the license of "intellectual property" as defined under Section 101 of the Bankruptcy Code and constitutes a license of "intellectual property" for purposes of any similar laws in any other country in the Territory. The Parties further agree that Novartis, as licensee of such rights under this Agreement, will retain and may fully exercise all of its protections, rights and elections under the Bankruptcy Code, including, but not limited to, Section 365 (n) of the Bankruptcy Code, and any similar laws in any other country in the Territory.

2.3.2 All rights, powers and remedies of Novartis provided for in this Section 2.3 are in addition to and not in substitution for any and all other rights, powers and remedies now or hereafter existing at law or in equity (including under the Bankruptcy Code and any similar laws in any other country in the Territory). Novartis, in addition to the rights, power and remedies expressly provided herein, shall be entitled to exercise all other such rights and powers and resort to all other such remedies as may now or hereafter exist at law or in equity (including under the Bankruptcy Code). The Parties agree that they intend the following Novartis rights to extend to the maximum extent permitted by law, including for purposes of the Bankruptcy Code, the right of access to any XOMA IL-1 IP (including all embodiments thereof).

2.4 Right of First Negotiation. If [*] or [*], XOMA shall provide Novartis written notice ("ROFN Notice") [*] and [*]. Novartis will have an exclusive right of first negotiation to elect to enter into exclusive negotiations with XOMA to obtain the license(s) or [*], exercisable by written notice to XOMA within [*] of receipt of a ROFN Notice provided by XOMA in the case of [*], and within [*] of receipt of a ROFN Notice provided by XOMA in the case of [*]. If Novartis exercises such right of first negotiation, the Parties will negotiate in good faith for up to [*] in the case of [*], and up to [*] in the case of [*], as each such periods may be extended by the Parties in writing (each, an "Exclusive Negotiation Period") following exercise of such right of first negotiation to reach agreement on mutually acceptable terms [*] If the Parties cannot agree on mutually acceptable terms during the applicable Exclusive Negotiation Period, then, [*]; provided, however, that [*]

2.5 Exclusive Option. XOMA hereby grants Novartis, an exclusive option and right (the "Exclusive Option") to convert, globally or on a country-by-country basis, (a) the Canakinumab Non-CV Indication Non-Exclusive License to an exclusive (even as to XOMA), perpetual, irrevocable, royalty-free, sub-licensable (subject to Section 2.1.2) license under the XOMA IL-1 IP in the applicable country to make, have made, use, offer for sale, import, sell, and otherwise commercially exploit Canakinumab and Canakinumab Products, in each case, in the Field other than for the CV Indication; and (b) the Canakinumab CV Indication Non-Exclusive License to an exclusive (even as to XOMA), royalty-bearing, sub-licensable (subject to Section 2.1.2) license under the XOMA IL-1 IP in the applicable country to make, have made, use, offer for sale, import, sell, and otherwise commercially exploit Canakinumab and Canakinumab Products, in each case in the Field for the CV Indication (the "Canakinumab Exclusive License"). Novartis may exercise the Exclusive Option in a given country in the Territory [*] If Novartis is interested in exercising the Exclusive Option to receive the Canakinumab Exclusive License, Novartis will provide XOMA with written notice ("Novartis Interest Notice") of its intent to exercise such Exclusive Option, including notification of whether, in Novartis' good faith opinion, the Parties would be required by applicable Law to file with the United States Department of Justice, a notification and report form under the HSR Act (an "HSR Filing") with respect to the exercise of the Exclusive Option. As promptly as practicable but in any event within [*] of the date of Novartis' Interest Notice [*] and [*] or [*]. If reasonably requested by XOMA, the Parties shall [*]. If Novartis elects to exercise the Exclusive Option, after the earliest of (i) [*] (ii) [*] or (iii) [*], Novartis shall provide XOMA with written notice of exercise. If an HSR Filing is required with respect to the exercise of the Exclusive Option, the Parties will cooperate with one another to the extent necessary in the preparation of any such HSR Filing. In such case, the Parties shall each use [*] efforts to ensure that applicable waiting period under the HSR Act or any applicable comparable foreign law in the applicable country expires or is terminated as soon as practicable. Notwithstanding the foregoing, nothing in this Section 2.5 shall require either Party or any of its Affiliates to commit to any divestiture, license (in whole or in part) or any arrangement to hold separate (or any similar arrangement) with respect to any of its products or assets. The Exclusive Option shall be deemed exercised on the date, (i) if an HSR Filing is not required, of Novartis' notice of exercise or (ii) if an HSR Filing is required, the date of expiration or termination of the applicable waiting period under the HSR Act (such date the "Canakinumab Exclusive License Effective Date"). Effective as of the Canakinumab Exclusive License Effective Date, (x) each of the Canakinumab Non-CV Indication Non-Exclusive License and the Canakinumab CV Indication Non-Exclusive License are hereby converted into the Canakinumab Exclusive License; and (y) the provisions set forth in **EXHIBIT B** shall apply with respect to the Canakinumab Exclusive License. For clarity purposes, the IL-1 License shall remain in effect and unaffected by Novartis's decision to exercise or not exercise the Exclusive Option.

ARTICLE III
FINANCIAL TERMS

3.1 Upfront Payment. In partial consideration for the licenses granted to Novartis hereunder, Novartis shall pay XOMA a total upfront payment of Ten (10) Million Dollars (US$10,000,000) within five (5) Business Days of the Servier Lien Release.

3.2 Royalties.

3.2.1 Royalties. Subject to [*], on a CV Canakinumab Product-by-CV Canakinumab Product basis, and country-by-country basis, Novartis shall pay royalties at a rate of [*] ([*]%) on Net Sales of such CV Canakinumab Product for the CV Indication sold by Novartis, its Affiliates, or its sublicensees in the Territory during the Royalty Term.

3.2.2 Royalty Term and Adjustments.

(a) Novartis' royalty obligations to XOMA under this Section 3.2 shall commence on a CV Canakinumab Product-by-CV Canakinumab Product and country-by-country basis on the date of First Commercial Sale of such CV Canakinumab Product by Novartis, its Affiliates or sublicensees to a Third Party in the relevant country where such CV Canakinumab Product is Covered by a Valid XOMA IL-1 Claim and shall expire on a CV Canakinumab Product-by-CV Canakinumab Product and country-by-country basis upon the earlier of (i) the date of expiration in such country of the last-to-expire Valid XOMA IL-1 Claim, where the sale of the applicable CV Canakinumab Product in the applicable country would infringe such Valid XOMA IL-1 Claim but for the license granted to Novartis under this Agreement; or (ii) the date on which [*] occurs in such country with respect to such CV Canakinumab Product (the "Royalty Term").

(b) Upon the expiration of the Royalty Term for a CV Canakinumab Product in a country in the Territory, the licenses and rights granted to Novartis under this Agreement with respect to such CV Canakinumab Product in such country shall become fully paid-up, perpetual, irrevocable, royalty free licenses, which shall continue even after the expiration or termination of this Agreement.

(c) Notwithstanding anything to the contrary in this Agreement, [*] responsible for the payment of [*] and other payment obligations, if any, [*] in connection with (i) any [*] which [*] and [*], or (ii) which relate to [*] relating to any [*] (collectively, the " [*]"). All such payments in respect of [*] shall be made promptly [*] in accordance with [*] (collectively, [*] after each such payment has been made. Without limiting [*], in the event [*], or [*], and [*].

3.3 Reports; Royalty Payments.

3.3.1 After commencement of the First Commercial Sale and until the expiration of Novartis' royalty payment obligations under this ARTICLE III, Novartis agrees to make written reports to XOMA within [*] after the end of each Calendar Quarter covering sales of CV Canakinumab Products by Novartis, its Affiliates and sublicensees during such Calendar Quarter on a country-by-country basis in the Territory in each country where the CV Canakinumab Product is covered by a Valid XOMA IL-1 Claim.

3.3.2 Each such written report ("Sales & Royalty Report") shall, with respect to each country, provide:

(a) number of units sold of the CV Canakinumab Product(s);

(b) the Net Sales for the CV Canakinumab Product(s); and

(c) the calculation of the royalty payment due on such Net Sales in the Territory pursuant to this ARTICLE III.

3.3.3 Following receipt of each such Sales & Royalty Report, [*] Novartis shall make the royalty payment due to be paid to XOMA under ARTICLE III for the Calendar Quarter covered by such report.

3.3.4 Novartis [*] (the "[*]). At [*] and [*]

3.4 Methods of Payments. All payments due from Novartis to XOMA under this Agreement shall be paid in Dollars by Novartis via wire transfer to a bank designated in writing in advance by XOMA. Any payment which falls due on a date which is not a Business Day in the location from which the payment will be made may be made on the next succeeding Business Day in such location.

3.5 Accounting.

3.5.1 Novartis shall keep complete, true and accurate books and records in accordance with its Accounting Standards in relation to this Agreement, including in relation to Net Sales of CV Canakinumab Products, the CV Tracking Methodology, and royalties due thereon. Novartis shall keep such books and records for at least [*] following the Calendar Quarter to which they pertain.

3.5.2 XOMA may, upon written notice to Novartis, appoint an internationally-recognized independent accounting firm (which firm is reasonably acceptable to Novartis, such acceptance not to be unreasonably delayed or conditioned) (the "Auditor") to inspect the relevant reports, statements, records or books of accounts (as applicable) of Novartis and/or its Affiliates to verify the accuracy of any Sales & Royalty Report. Before beginning its audit, the Auditor shall execute an undertaking reasonably acceptable to Novartis on customary terms by which the Auditor shall keep confidential all information reviewed during such audit. The Auditor shall have the right to disclose to XOMA its conclusions regarding any payments owed under this Agreement.

3.5.3 Novartis and its Affiliates shall make their records available for inspection by such Auditor during regular business hours at such place or places where such records are customarily kept, upon receipt of reasonable advance notice from XOMA. The records shall be reviewed solely to verify the accuracy of the Sales & Royalty Reports. [*] In addition, XOMA shall only be entitled to audit the relevant books and records of Novartis relating to a Sales & Royalty Report for a period of [*] after receipt of the applicable Sales & Royalty Report. XOMA agrees to hold in strict confidence all information received and all information learned in the course of any audit or inspection, except to the extent necessary to enforce its rights under this Agreement or if disclosure is required by Law, regulation or judicial order.

3.5.4 The Auditor shall provide its audit report and basis for any determination to Novartis at the time such report is provided to XOMA, before it is considered final. Novartis shall have the right to request a further determination by such Auditor as to matters which Novartis disputes within [*] following receipt of such report. Novartis will provide XOMA and the Auditor with a reasonably detailed statement of the grounds upon which it disputes any findings in the audit report and the Auditor shall undertake to complete such further determination within [*] after the dispute notice is provided, which determination shall be limited to the disputed matters. Any matter that remains unresolved shall be resolved in accordance with the dispute resolution procedures contained in Section 10.1.

3.5.5 In the event that the final result of the inspection reveals an undisputed underpayment or overpayment by Novartis, the underpaid or overpaid amount shall be settled promptly.

3.5.6 XOMA shall pay for such audits, as well as its own expenses associated with enforcing its rights with respect to any payments hereunder, except that in the event there is any upward adjustment in aggregate amounts payable for any year shown by such audit of more than [*] of the amount paid, Novartis shall pay for such audit.

3.6 Currency. All payments under this Agreement shall be payable in U.S. Dollars. When conversion of payments from any foreign currency is required to be undertaken by Novartis, the U.S. Dollar equivalent shall be calculated using Novartis' then-current standard exchange rate methodology as applied in its external reporting.

3.7 Late Payments. Any undisputed amount owed by Novartis to XOMA under this Agreement that is not paid on or before [*] the date such payment is due shall bear interest at a rate per annum equal to the lesser of (a) the thirty (30)-day United States Dollar LIBOR rate in effect on the date that payment was due, as published by The Financial Times after such payment is due, plus [*] or (b) the highest rate permitted by applicable Law, in either case calculated on the number of days such payments are paid after such payments are due and compounded monthly; provided, that the foregoing shall not accrue on undisputed amounts that were paid after the due date as a result of mistaken XOMA actions (e.g., if a payment is late as a result of XOMA providing an incorrect account for receipt of payment).

3.8 Taxes.

3.8.1 Except as otherwise provided in this Section 3.8, each Party shall be responsible for any tax obligations of its own due to this Agreement, including income tax and capital gains tax, and neither Party shall have any obligation towards the other Party in the event that the other Party fails to fully comply with its tax obligations.

3.8.2 All transfer, VAT, GST, documentary, sales, use, stamp, registration and other such taxes, and any conveyance fees, recording charges and other fees and charges (including any penalties and interest) incurred in connection with consummation of the transactions contemplated hereby, if any, [*]. Novartis shall prepare and timely file all tax returns required to be filed in respect of any such taxes. The Parties shall reasonably cooperate in accordance with applicable Laws to minimize any such transfer taxes payable in connection with this Agreement.

3.8.3 Subject to Section 3.8.4, if any taxes are required to be withheld by Novartis, Novartis will: (a) deduct such taxes from the payment made to XOMA; (b) timely pay the taxes to the proper taxing authority; (c) promptly send proof of payment to XOMA; and (d) reasonably assist XOMA in its efforts to obtain a credit for such tax payment. Each Party agrees to reasonably assist the other Party in lawfully claiming exemptions from and/or minimizing such deductions or withholdings under double taxation Laws or similar circumstances.

3.8.4 Notwithstanding anything to the contrary in this Agreement, if Novartis assigns or transfers some or all of its rights and obligations to any Person and if, as a result of such action, the withholding or deduction of tax required by applicable Law with respect to payments under this Agreement is increased, then any amount payable under this Agreement shall be increased to take into account such withheld taxes as may be necessary so that, after making all required withholdings (including withholdings on the withheld amounts), XOMA receives an amount equal to the sum it would have received had no such increased withholding been made.

3.8.5 For all tax purposes, both Parties agree to report the transactions contemplated by this Agreement in a manner consistent with its terms and to not take any position inconsistent therewith in any tax return, refund claim, litigation, or otherwise.

3.9 No Guarantee. XOMA and Novartis acknowledge and agree that nothing in this Agreement shall be construed as representing an estimate or projection of anticipated sales of any CV Canakinumab Product. Neither Party provides any representation, warranty or guarantee that the development of any CV Canakinumab Product will be successful, that Regulatory Approval for any IL-1 Product will be obtained, or that any other particular results will be achieved with respect to the commercialization of any CV Canakinumab Product hereunder.

3.10 Costs. In addition to the specific costs to be assumed by each of XOMA and Novartis as described herein, each Party will be responsible for all costs that it incurs in exercising its rights and meeting its obligations under this Agreement, except as expressly set forth otherwise in this Agreement.

ARTICLE IV
OWNERSHIP OF INTELLECTUAL PROPERTY RIGHTS

4.1 Ownership.

4.1.1 Pre-Existing Patents and Know-How. XOMA shall retain all of its right, title and interest in, to and under the XOMA IL-1 IP, and Novartis shall retain all of its rights, title and interest in, to and under the Patents and Know-How Controlled by it, except in each case to the extent that any such rights or licenses are expressly granted by one Party to the other Party under this Agreement.

4.1.2 Intellectual Property Arising Under This Agreement. Novartis shall own all data, Patents and Know-How generated, discovered, developed, invented, conceived or reduced to practice by or on behalf of itself, its sublicensees, or Affiliates, whether solely by any such party or jointly by one (1) or more such parties, in connection with the exercise of the licenses granted under Section 2.1 with respect to any IL-1 Antibody or IL-1 Products under this Agreement, and all intellectual property rights therein (collectively, all such data, Patents and Know-How, the "Future IP").

4.2 Prosecution and Maintenance of Patents. As between the Parties, [*] shall have the sole right (but not the obligation) for Prosecuting and Maintaining the [*] Patents; provided that if [*] decides not to Prosecute and Maintain any [*] Patent in a country in the Territory, [*] shall notify in writing and consult with [*] regarding such decision or intention at least [*] prior to the date upon which the subject matter of such Patent shall become unpatentable or such Patent shall lapse or become abandoned. [*] shall thereupon have the right (but not the obligation), [*] in such country, to assume the Prosecution and Maintenance of such [*] Patent, in which case [*]. [*] shall be responsible for all costs and expenses associated with its Prosecution and Maintenance activities of [*] Patents.

4.3 Defense of Claims Brought by Third Parties. [*] shall have the right to defend any claim that the making, using, selling, offering for sale, importing, or other exploitation of any [*] by or on behalf of [*], its Affiliates, or its sublicensees in or for the Territory infringes or misappropriates the intellectual property rights of any Third Party, and [*] shall have the right to defend any claim that the making, using, selling, offering for sale, importing, or other exploitation of any [*] by or on behalf of [*] , its Affiliates, or sublicensees in or for the Territory infringes or misappropriates the intellectual property rights of any Third Party.

4.4 Enforcement. [*] shall have the sole right, but not the obligation, to enforce [*] against any infringement or misappropriation of [*] by a Third Party, or to defend any declaratory judgment action with respect thereto.

4.5 Trademarks. Novartis shall have the right to brand the IL-1 Products using Novartis related trademarks and any other trademarks and trade names it determines appropriate for an IL-1 Product, which may vary by country or within a country ("Product Marks"). Novartis shall own all rights in the Product Marks and register and maintain the Product Marks in the countries and regions it determines reasonably necessary.

ARTICLE V
CONFIDENTIALITY

5.1 Confidentiality; Exceptions. Except to the extent expressly authorized by this Agreement or otherwise agreed in writing, the Parties agree that a Party and its Affiliates and representatives (the "Receiving Party") shall keep confidential and shall not publish or otherwise disclose or use for any purpose other than as provided for in this Agreement any Know-How or other confidential and proprietary information and materials, patentable or otherwise, in any form (written, oral, photographic, electronic, magnetic, or otherwise) which is disclosed to it by the other Party or its Affiliates or representatives (the "Disclosing Party"), including trade secrets, Know-How, inventions or discoveries, proprietary information, formulae, processes, techniques and information relating to a Party's past, present and future marketing, financial and development activities of any product or potential product or useful technology of the Disclosing Party and the pricing thereof (collectively, "Confidential Information"), except to the extent that it can be established by the Receiving Party that such Confidential Information:

(a) was in the lawful knowledge and possession of the Receiving Party prior to the time it was disclosed to the Receiving Party, as evidenced by written records kept in the ordinary course of business, or other documentary proof of actual use by the Receiving Party;

(b) was otherwise developed independently by the Receiving Party without use of or reference to the Disclosing Party's Confidential Information, as evidenced by written records kept in the ordinary course of business, or other documentary proof of actual use by the Receiving Party;

(c) was generally available to the public or otherwise part of the public domain at the time of its disclosure to the Receiving Party;

(d) became generally available to the public or otherwise part of the public domain after its disclosure to the Receiving Party hereunder other than through any act or omission of the Receiving Party in breach of this Agreement; or

(e) was disclosed to the Receiving Party, other than under an obligation of confidentiality, by a Third Party who had no obligation to the Disclosing Party not to disclose such information to others.

Subject to and without prejudice to the foregoing, any Confidential Information disclosed by either Party (or their Affiliates) prior to the Effective Date pursuant to the Confidentiality Agreement between Novartis International AG and XOMA, dated July 6, 2017 (the "Existing Confidentiality Agreement") shall be Confidential Information of such Party for all purposes under this Agreement, it being understood and agreed that this Agreement supersedes and replaces the Existing Confidentiality Agreement with respect to such Confidential Information and the rights and obligations of the Parties with respect thereto.

5.2 Authorized Disclosure. Except as expressly provided otherwise in this Agreement, a Receiving Party may use and disclose Confidential Information of the Disclosing Party as follows:

(a) under appropriate confidentiality provisions at least as protective of such Confidential Information as those in this Agreement, as reasonably necessary for performance of its obligations or exercise of rights granted in this Agreement (including the rights to make, have made, use, offer for sale, import, sell, and otherwise exploit any IL-1 Antibody or IL-1 Products) including in filing or prosecuting patent applications in accordance with Section 4.2, prosecuting or defending litigation, complying with applicable Law (subject to clause (b) below), seeking and obtaining Regulatory Approval, conducting non-clinical activities or clinical trials, preparing and submitting BLAs to Regulatory Authorities, and marketing IL-1 Products, in each case in accordance with this Agreement;

(b) to the extent disclosure is required by Law; provided, that if a Receiving Party is required by Law to make any such disclosure of a Disclosing Party's Confidential Information it will, where legally permitted and practicable, give reasonable advance notice to the Disclosing Party of such disclosure requirement, afford the Disclosing Party an opportunity to secure, and, if requested by the Disclosing Party, reasonably cooperate with the Disclosing Party to, secure confidential treatment of such Confidential Information required to be disclosed, and disclose only that portion of the Confidential Information that the Receiving Party is legally required to disclose as advised by the Receiving Party's legal counsel;

(c) in communication with actual or potential investors, lenders, acquirers, merger partners, consultants, professional advisors, collaborators, donors, or funding sources as reasonably necessary, and with its licensors as necessary to satisfy its reporting obligations with respect to any IL-1 Antibody or IL-1 Product, in each case under appropriate confidentiality provisions substantially equivalent to those of this Agreement; or

(d) to the extent mutually agreed to in writing by the Parties.

5.3 Disclosure of Agreement.

5.3.1 Disclosure of Agreement Terms.

(a) Except to the extent required by Law or any securities exchange or governmental authority or any tax authority to which any Party is subject or submits or as otherwise permitted in accordance with this Section 5.3, neither Party nor its Affiliates shall make any public announcements concerning the terms of this Agreement or the transactions contemplated hereby or otherwise disclose the terms of this Agreement or the transactions contemplated hereby to any Third Party without the prior written consent of the other, which shall not be unreasonably withheld, conditioned or delayed. Each Party agrees to provide to the other Party a copy of any public announcement regarding this Agreement or the subject matter hereof, as practicable under the circumstances, reasonably prior to its scheduled release. Each Party shall have the right to expeditiously review and recommend changes to any such announcement by the other Party or its Affiliates, and, except as otherwise required by securities exchange listing requirements or applicable Law, approve such announcement, and the Party whose announcement has been reviewed shall remove any Confidential Information of the reviewing Party.

(b) Notwithstanding the foregoing, to the extent information regarding this Agreement has already been publicly disclosed, either Party may subsequently disclose the same information to the public without the consent of the other Party. Each Party shall also be permitted to disclose the terms of this Agreement, in each case on a need to know basis under appropriate confidentiality provisions substantially equivalent to those of this Agreement, to its actual or potential investors, lenders, acquirers, merger partners, consultants, professional advisors, donors, or funding sources. Novartis may, in the ordinary course of business, without XOMA's consent, inform its customers, suppliers and business contacts that Novartis has obtained the right under this Agreement to sell IL-1 Products in the Territory.

(c) Each Party shall give the other Party a reasonable opportunity to review those portions of all filings with the United States Securities and Exchange Commission (or any stock exchange, including Nasdaq, or any similar regulatory agency in any country other than the U.S.) describing the terms of this Agreement (including any filings of this Agreement) prior to submission of such filings, and shall give due consideration to any reasonable comments by the non-filing Party relating to such filing, including the provisions of this Agreement for which confidential treatment should be sought.

5.4 Remedies. Each Party shall be entitled to seek, in addition to any other right or remedy it may have, at Law or in equity, a temporary injunction or other injunctive relief, without the posting of any bond or other security, enjoining or restraining the other Party from any violation or threatened violation of this ARTICLE V.

5.5 Publications. XOMA shall not make any public disclosure (whether written, electronic, oral or otherwise) relating to any IL-1 Antibody or IL-1 Product without the prior written consent of Novartis; provided, that the foregoing shall not apply to information which is in the public domain or any public disclosure required by Law or governmental regulation or by the rules of any recognized stock exchange. For the avoidance of doubt, Novartis, any of its Affiliates or sublicensees may, without any required consents from XOMA, (a) issue press releases, disclosures, and other public statements as it deems appropriate in connection with the exercise of the licenses and rights with respect to any IL-1 Antibody or IL-1 Products under or in connection with this Agreement, and (b) publish or have published information about clinical trials related to any IL-1 Antibody or IL-1 Products, including the results of such clinical trials; provided, however, if Novartis plans to issue a press release that in its judgment contains material adverse information regarding this Agreement in its entirety or an IL-1 Antibody or IL-1 Product under this Agreement, then Novartis shall use commercially reasonable efforts to provide XOMA with reasonable prior notice of such press release.

5.6 Clinical Trial Register. Each Party agrees that each clinical study and each nonclinical study with respect to any IL-1 Antibody or IL-1 Product that is required to be posted pursuant to applicable Law or applicable industry codes, including the PhRMA Code or the equivalent industry code of practice, on clinicaltrials.gov or any other similar registry shall be so posted. Unless otherwise agreed upon by the Parties (and as permitted by applicable Law or applicable industry codes), Novartis shall be responsible for such posting for any IL-1 Antibody or IL-1 Products.

ARTICLE VI
REPRESENTATIONS; WARRANTIES; COVENANTS

6.1 Representations and Warranties of Both Parties. Each Party hereby represents and warrants to the other Party, as of the Effective Date, that:

(a) Such Party is duly organized, validly existing and in good standing under the Laws of the jurisdiction of its organization and has full corporate power and authority to enter into this Agreement and to carry out the provisions hereof;

(b) Such Party has taken all necessary action on its part to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder;

(c) This Agreement has been duly executed and delivered on behalf of such Party, and constitutes a legal, valid, binding obligation, enforceable against it in accordance with the terms hereof;

(d) The execution, delivery and performance of this Agreement by such Party does not conflict with any agreement or any provision thereof, or any instrument or understanding, oral or written, to which it or its Affiliates is a party or by which it or its Affiliates are bound, nor violate any Law or regulation of any court, governmental body or administrative or other agency having jurisdiction over such Party or its Affiliates;

(e) No government authorization, consent, approval, license, exemption of or filing or registration with any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, under any applicable Laws currently in effect, is or will be necessary for, or in connection with, the transaction contemplated by this Agreement or any other agreement or instrument executed in connection herewith, or for the performance by it of its obligations under this Agreement and such other agreements except as may be required to (i) conduct clinical trials or to seek or obtain Regulatory Approvals of the IL-1 Products or patent extensions and (ii) under the HSR Act with respect to Novartis' exercise of the Exclusive Option; and

(f) It is not debarred or excluded from reimbursement by the FDA (or subject to a similar sanction of EMA or any other Regulatory Authority) or subject of an FDA debarment or exclusion investigation or proceeding (or similar proceeding of EMA or other Regulatory Authority).

6.2 Representations and Warranties of XOMA. XOMA hereby represents and warrants to Novartis that as of the Effective Date (except as set forth in the schedules of disclosures attached hereto as **SCHEDULE 1**):

(a) The Patents listed in EXHIBIT A comprise a complete and accurate list of all XOMA IL-1 Patents;

(b) XOMA has the right to use and disclose and to enable Novartis to use and disclose (in each case under conditions of confidentiality consistent with Section 5.2) the

XOMA IL-1 Know-How, and XOMA has the right to grant all rights and licenses it purports to grant to Novartis with respect to the XOMA IL-1 IP, the IL-1 Antibodies and IL-1 Products under this Agreement, free and clear of all Liens, other than Liens securing the Servier Loan, which will be released in accordance with the Servier Payoff Letter;

(c) Neither XOMA nor its Affiliates has granted any right or license to any Third Party that conflicts or interferes with or limits the scope of any of the rights or licenses granted to Novartis hereunder;

(d) The XOMA IL-1 Know-How and XOMA IL-1 Patents [*] or [*];

(e) Neither XOMA nor its Affiliates has received any written notice of any claim that any Patent or Know-How owned or Controlled by a Third Party would be or is infringed or misappropriated by the manufacture, use, sale, offer for sale or importation of IL-1 Antibodies or IL-1 Products;

(f) To XOMA's knowledge, [*] concerning the IL-1 Antibody or IL-1 Products or active pharmaceutical ingredients therein [*] and [*]; and

(g) Neither XOMA nor any Affiliate has entered into a government funding relationship that would result in rights to the IL-1 Antibody or IL-1 Product residing in the U.S. Government, National Institutes of Health, National Institute for Drug Abuse or other agency, and the licenses granted hereunder are not subject to overriding obligations to the U.S. Government as set forth in Public Law 96 517 (35 U.S.C. 200 204), as amended, or any similar obligations under the Laws of any other country.

6.3 Covenant of XOMA. XOMA hereby covenants to Novartis that:

(a) XOMA will not grant during the Term, any right or license to any Third Party that conflicts or interferes with or limits the scope of any of the rights or licenses granted to Novartis hereunder. For clarity, unless and until Novartis has exercised the Exclusive Option with respect to a country, XOMA shall have the right to grant one or more Third Parties a non-exclusive license in such country for any Canakinumab Product under any or all of the XOMA IL-1 IP, subject to XOMA's obligations under Section 2.4;

(b) XOMA shall provide Novartis an updated EXHIBIT A from time to time upon Novartis' reasonable request, but no more frequently than [*];

(c) XOMA and its Affiliates', sublicensees' and representatives' performance in connection with this Agreement shall comply with all applicable Laws; and

(d) XOMA and its Affiliates will not prosecute any claims under the Excluded Patents directed to IL-1 Antibodies or IL-1 Products. As Novartis' sole and exclusive remedy, upon any breach by XOMA or its Affiliates of this Section 6.3(d), effective as of the date of such breach, the Excluded Patent(s) for which such breach occurred shall be deemed as and included within XOMA IL-1 Patents.

6.4 Covenant of Novartis. Novartis hereby covenants to XOMA that its and its Affiliates', sublicensees' and representatives' performance in connection with this Agreement shall comply with all applicable Laws.

6.5 Disclaimer. EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS AGREEMENT, NEITHER PARTY MAKES ANY REPRESENTATION OR EXTENDS ANY WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY THAT ANY PATENTS ARE VALID OR ENFORCEABLE, AND EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

ARTICLE VII
INDEMNIFICATION

7.1 Indemnification by Novartis. Novartis shall indemnify, defend and hold harmless XOMA and its Affiliates, and its or their respective directors, officers, employees and agents (the "XOMA Indemnitees"), from and against any and all liabilities, damages, losses, costs and expenses, including the reasonable fees of attorneys and other professional Third Parties (collectively, "Losses"), arising out of or resulting from any and all Third Party suits, claims, actions, proceedings or demands ("Claims") brought against any XOMA Indemnitee based upon:

(a) the negligence, recklessness or wrongful intentional acts or omissions of Novartis or its Affiliates and its or their respective directors, officers, employees and agents, in connection with Novartis' performance of its obligations or exercise of its rights under this Agreement;

(b) any breach of any representation or warranty or covenant made by Novartis under ARTICLE VI or any other provision under this Agreement; or

(c) the [*], including any [*] damage or other damage, in each case resulting from any of the foregoing activities described in this Section 7.1(c);

in each case, provided, that, such indemnity shall not apply to the extent such Losses arise from a cause or event described in clause (a), (b), or (c) of Section 7.2.

7.2 Indemnification by XOMA. XOMA shall indemnify, defend and hold harmless Novartis and its Affiliates, and its or their respective directors, officers, employees and agents (the "Novartis Indemnitees"), from and against any and all Losses, arising out of or resulting from any and all Claims against any Novartis Indemnitee based upon:

(a) the negligence, recklessness or wrongful intentional acts or omissions of XOMA or its Affiliates or its or their respective directors, officers, employees and agents, in connection with XOMA's performance of its obligations or exercise of its rights under this Agreement;

(b) any breach of any representation or warranty or covenant made by XOMA under ARTICLE VI or any other provision under this Agreement; or

(c) [*] or [*], including [*] damage or other damage, in each case resulting from any of the foregoing activities described in this Section 7.2(c) in each case, provided, that, such indemnity shall not apply to the extent such Losses arise from a cause or event described in clause (a), (b) or (c) of Section 7.1.

7.3 Procedure.

7.3.1 Notice of Claim. A Person entitled to indemnification under this ARTICLE VII (an "Indemnified Party") shall give prompt written notification to the Party from whom indemnification is sought (the "Indemnifying Party") of the commencement of any action, suit or proceeding relating to a Claim for which indemnification is being sought or, if earlier, upon the assertion of any such Claim (it being understood and agreed, however, that the failure by an Indemnified Party to give notice of a Claim as provided in this Section 7.3 shall not relieve the Indemnifying Party of its indemnification obligation under this Agreement except and only to the extent that such Indemnifying Party is actually damaged as a result of such failure to give notice).

7.3.2 Assumption of Defense; Participation. Within twenty (20) days after delivery of such notification, the Indemnifying Party may, upon written notice thereof to the Indemnified Party, assume control of the defense of such Claim with counsel reasonably satisfactory to the Indemnified Party. If the Indemnifying Party does not assume control of such defense, the Indemnified Party shall control such defense and, without limiting the Indemnifying Party's indemnification obligations, the Indemnifying Party shall reimburse the Indemnified Party for all costs and expenses, including reasonable attorney fees, incurred by the Indemnified Party in defending itself within thirty (30) days after receipt of any invoice therefor from the Indemnified Party. The Party not controlling such defense may participate therein at its own expense; provided, that if the Indemnifying Party assumes control of such defense and the Indemnified Party in good faith concludes, based on advice from counsel, that the Indemnifying Party and the Indemnified Party have conflicting interests with respect to such Claim, the Indemnifying Party shall be responsible for the reasonable fees and expenses of counsel to the Indemnified Party in connection therewith. The Party controlling such defense shall keep the other Party advised of the status of such action, suit, proceeding or claim and the defense thereof and shall consider recommendations made by the other Party with respect thereto.

7.3.3 Settlements. The Indemnified Party shall not agree to any settlement of such Claim without the prior written consent of the Indemnifying Party, which shall not be unreasonably withheld, delayed or conditioned. The Indemnifying Party shall not agree to any settlement of such Claim or consent to any judgment in respect thereof that does not include a complete and unconditional release of the Indemnified Party from all liability with respect thereto, that imposes any liability or obligation on the Indemnified Party or that acknowledges fault by the Indemnified Party without the prior written consent of the Indemnified Party.

7.3.4 Mitigation of Loss. Each Indemnified Party will take and will procure that its Affiliates take all such reasonable steps and actions as are necessary or as the Indemnifying Party may reasonably require in order to mitigate any Claims (or potential losses or damages)

under this ARTICLE VII. Nothing in this Agreement shall or shall be deemed to relieve any Party of any common law or other duty to mitigate any losses incurred by it.

7.4 SPECIAL, INDIRECT AND OTHER LOSSES. EXCEPT FOR A BREACH OF ARTICLE V OR FOR CLAIMS OF A THIRD PARTY THAT ARE SUBJECT TO INDEMNIFICATION UNDER THIS ARTICLE VII, NEITHER NOVARTIS NOR XOMA, NOR ANY OF THEIR RESPECTIVE AFFILIATES OR SUBLICENSEES, WILL BE LIABLE TO THE OTHER PARTY TO THIS AGREEMENT, ITS AFFILIATES OR ANY OF THEIR SUBLICENSEES FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL OR PUNITIVE DAMAGES OR LOST PROFITS OR ROYALTIES, LOST DATA OR COST OF PROCUREMENT OF SUBSTITUTE GOODS OR SERVICES, WHETHER LIABILITY IS ASSERTED IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND STRICT PRODUCT LIABILITY), INDEMNITY OR CONTRIBUTION, AND IRRESPECTIVE OF WHETHER THAT PARTY OR ANY REPRESENTATIVE OF THAT PARTY HAS BEEN ADVISED OF, OR OTHERWISE MIGHT HAVE ANTICIPATED THE POSSIBILITY OF, ANY SUCH LOSS OR DAMAGE.

7.5 No Exclusion. Neither Party excludes any liability for death or personal injury caused by its negligence or that of its employees, agents or subcontractors.

ARTICLE VIII
TERM AND TERMINATION

8.1 Term; Expiration. This Agreement shall become effective on the Effective Date and shall remain in effect until the expiration of the Royalty Term throughout the Territory (the "Term"). Upon expiration of the Term, all rights and licenses granted to Novartis pursuant to the Canakinumab CV Indication Non-Exclusive License or if Novartis has exercised its Exclusive Option, the Canakinumab Exclusive License shall survive, and shall become fully paid-up, perpetual and irrevocable.

8.2 Termination for Cause. If either Novartis or XOMA is in material breach of any material obligation hereunder, the non-breaching Party may give written notice to the breaching Party specifying the claimed particulars of such breach, and in the event such material breach is not cured within [*] after such notice (or, if such material breach relates to non-payment of monies due (a "Payment Breach"), then [*] after such notice), the non-breaching Party shall have the right thereafter to terminate this Agreement immediately by giving written notice to the breaching Party to such effect; provided, that, [*], if [*] and the [*] and [*]. In the event that arbitration is commenced with respect to any alleged breach hereunder, no purported termination of this Agreement pursuant to this Section 8.2 shall take effect until the resolution of such arbitration. Any termination by any Party under this Section 8.2 and the effects of termination provided herein shall be without prejudice to any damages or other legal or equitable remedies to which it may be entitled.

8.3 Termination by Novartis for Convenience. Novartis may terminate this Agreement without cause at any time after the Effective Date in its entirety or on an IL-1 Product-by-IL-1 Product or country-by-country basis at any time on [*] prior written notice.

8.4 Effects of Termination. Upon any early termination (but not expiration) of this Agreement in its entirety or termination with respect to an IL-1 Product or country in the Territory other than any termination by Novartis under Section 8.2 due to XOMA's breach or termination by Novartis:

8.4.1 License Termination. All rights and licenses granted to Novartis with respect to CV Canakinumab Products shall be terminated and be of no further force and effect; provided, that if such termination is only with respect to a particular CV Canakinumab Product or country, then such termination shall apply only to such CV Canakinumab Product or with respect to the terminated countries, as applicable.

8.4.2 Return of Confidential Information and Materials. If this Agreement is terminated in its entirety, Novartis shall promptly return to XOMA all Know-How, data, materials and other Confidential Information made available to Novartis by XOMA under this Agreement.

8.4.3 Effects of Termination for Novartis Termination due to XOMA Breach. Upon any early termination of this Agreement in its entirety by Novartis under Section 8.2 due to XOMA's breach, then in addition to any other right or remedy Novartis may have, at Law or in equity, then the following Sections shall survive such termination in addition to those set forth in Section 9.2: [*] (provided, [*], and [*].

ARTICLE IX
ACCRUED RIGHTS; SURVIVING PROVISIONS

9.1 Accrued Rights. Termination, relinquishment or expiration of this Agreement for any reason shall be without prejudice to any rights that shall have accrued to the benefit of any Party prior to such termination, relinquishment or expiration, including the payment obligations under ARTICLE III hereof, and any and all damages or remedies arising from any breach hereunder. Such termination, relinquishment or expiration shall not relieve any Party from obligations which are expressly indicated to survive termination of this Agreement.

9.2 Surviving Provisions. In addition to any other provisions of this Agreement that are elsewhere expressly stated to survive, the provisions of [*], [*], [*], and [*], and [*], and [*] shall survive the termination of this Agreement in its entirety or expiration of this Agreement for any reason, in accordance with their respective terms and conditions, and for the duration stated, and where no duration is stated, shall survive indefinitely. In addition: (a) [*] shall survive for a period of [*] after the effective date of termination or expiration of this Agreement, and (b) [*] shall survive for a period of [*] after the effective date of termination or expiration of this Agreement.

ARTICLE X
MISCELLANEOUS

10.1 Dispute Resolution. If a dispute between the Parties arises under this Agreement, either Party shall have the right to refer such dispute in writing to the respective Executive Officers, and such Executive Officers shall attempt in good faith to resolve such dispute. If the Parties are unable to resolve a given dispute pursuant to the preceding sentence within thirty (30)

days after referring such dispute to the Executive Officers, either Party may have the given dispute settled in court pursuant to the remainder of this Section 10.1. Each Party irrevocably submits to the exclusive jurisdiction of the United States District Court for the Southern District of New York for the purposes of any suit, action or other proceeding arising out of this Agreement. Each Party agrees to commence any such action, suit or proceeding in the United States District Court for the Southern District of New York or if such suit, action or other proceeding may not be brought in such court for jurisdictional reasons, in the Supreme Court of the State of New York, New York County. Each Party irrevocably and unconditionally waives any objection to the laying of venue of any such action, suit or proceeding arising out of this Agreement in the United States District Court for the Southern District of New York, and hereby and thereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum. Notwithstanding anything in this Agreement to the contrary, a Party may seek a temporary restraining order or a preliminary injunction from any court of competent jurisdiction, at any time, in order to prevent immediate and irreparable injury, loss, or damage on a provisional basis, pending the resolution of any dispute hereunder, including under this Section 10.1.

10.2 Governing Law. This Agreement and any dispute arising from the performance or breach hereof shall be governed by and interpreted in accordance with the laws of the State of New York, without giving effect to any choice of law rules. The provisions of the United Nations Convention on Contracts for the International Sale of Goods shall not apply to this Agreement or any subject matter hereof.

10.3 Assignment. Neither Party may assign this Agreement, in any manner including by operation of law, without the consent of the other Party, except as otherwise provided in this Section 10.3. Either Party may assign this Agreement in whole or in part to any Affiliate without the consent of the other Party. Either Party may also assign this Agreement, without the consent of the other Party, to any successor or Third Party that acquires all or substantially all of the business or assets of the assigning Party to which this Agreement relates, whether by sale, transfer, merger, reorganization, operation of law or otherwise, and Novartis may assign this Agreement to any Third Party in connection with any divestiture undertaken to satisfy an applicable governmental authority or agency; provided, that in each case such assigning Party provides the other Party with written notice of such assignment and the assignee agrees in writing to assume performance of all assigned obligations. The terms of this Agreement shall be binding upon and shall inure to the benefit of the successors, heirs, administrators and permitted assigns of the Parties. Any purported assignment in violation of this Section 10.3 shall be null and void.

10.4 Force Majeure. No Party shall be held liable or responsible to the other Party nor be deemed to be in default under, or in breach of any provision of, this Agreement for failure or delay in fulfilling or performing any obligation (other than a payment obligation) of this Agreement when such failure or delay is due to force majeure, and without the fault or negligence of the Party so failing or delaying. For purposes of this Agreement, force majeure is defined as causes beyond the reasonable control of the Party, including acts of God; material changes in Law; war; civil commotion; destruction of production facilities or materials by fire,

flood, earthquake, explosion or storm; labor disturbances; epidemic; and failure of public utilities or common carriers. In such event XOMA or Novartis, as the case may be, shall immediately notify the other Party of such inability and of the period for which such inability is expected to continue. The Party giving such notice shall thereupon be excused from such of its obligations under this Agreement as it is thereby disabled from performing for so long as it is so disabled for up to a maximum of ninety (90) days, after which time XOMA and Novartis shall promptly meet to discuss in good faith how to best proceed in a manner that maintains and abides by the Agreement. To the extent possible, each Party shall use reasonable efforts to minimize the duration of any force majeure.

10.5 Notices. Any notice or request required or permitted to be given under or in connection with this Agreement shall be given in writing and personally delivered or sent by certified mail (return receipt requested), or overnight express courier service (signature required), prepaid, to the Party for which such notice is intended, at the address set forth for such Party below:

If to XOMA:

XOMA (US) LLC
2910 Seventh Street
Berkeley, California 94710
Attention: Legal Department

With a required copy to:

Cooley LLP
3175 Hanover Street
Palo Alto, CA 94304-1130
Attention: Barbara A. Kosacz

If to Novartis:

Novartis Pharma AG
Lichtstrasse 35
4056 Basel
Switzerland
Attn: Head, BD&L

With a required copy to:

Novartis Pharma AG
Lichtstrasse 35
4056 Basel
Switzerland
Attn: General Counsel

or to such other address for such Party as it shall have specified by like notice to the other Parties; provided, that notices of a change of address shall be effective only upon receipt thereof. If delivered personally, the date of delivery shall be deemed to be the date on which such notice or request was given. If sent by overnight express courier service, the date of delivery shall be deemed to be the next Business Day after such notice or request was deposited with such service. If sent by certified mail, the date of delivery shall be deemed to be the third (3rd) Business Day after such notice or request was deposited with the U.S. Postal Service.

10.6 Export Clause. Each Party acknowledges that the Laws of the United States restrict the export and re-export of certain commodities and technical data of United States origin. Each Party agrees that it will not export or re-export restricted commodities or the technical data of the other Party in any form without the appropriate United States and foreign government licenses. Novartis shall not be required by the terms of this Agreement to be directly or indirectly involved in the provision of goods, services or technical data that may be prohibited by applicable export control, economic sanctions laws and anti-boycott regulations of the United States and other governments ("Trade Control Laws") if performed by Novartis. It shall be in the sole discretion of Novartis to refrain from being directly or indirectly involved in the provision of goods, services or technical data that may be prohibited by applicable Trade Control Laws.

10.7 Waiver. Neither Party may waive or release any of its rights or interests in this Agreement except in writing. The failure of either Party to assert a right hereunder or to insist upon compliance with any term of this Agreement shall not constitute a waiver of that right or excuse a similar subsequent failure to perform any such term or condition. No waiver by either Party of any condition or term in any one (1) or more instances shall be construed as a continuing waiver of such condition or term or of another condition or term.

10.8 Severability. If any provision hereof should be held invalid, illegal or unenforceable in any jurisdiction, the Parties shall negotiate in good faith a valid, legal and enforceable substitute provision that most nearly reflects the original intent of the Parties and all other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in order to carry out the intentions of the Parties hereto as nearly as may be possible. Such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of such provision in any other jurisdiction.

10.9 Entire Agreement. This Agreement, together with the Schedule and Exhibits hereto, set forth all the covenants, promises, agreements, warranties, representations, conditions and understandings between the Parties and supersede and terminate all prior agreements and understanding between the Parties with respect to the subject matter of this Agreement. In particular, and without limitation, this Agreement supersedes and replaces the Existing Confidentiality Agreement and any and all term sheets relating to the transactions contemplated by this Agreement and exchanged between the Parties prior to the Effective Date. There are no covenants, promises, agreements, warranties, representations, conditions or understandings, either oral or written, between the Parties with respect to the subject matter of this Agreement other than as set forth herein and therein. No subsequent alteration, amendment, change or addition to this Agreement shall be binding upon the Parties unless reduced to writing and signed by the respective authorized officers of the Parties.

10.10 Independent Contractors. Nothing herein shall be construed to create any relationship of employer and employee, agent and principal, partnership or joint venture between the Parties. Each Party is an independent contractor. Neither Party shall assume, either directly or indirectly, any liability of or for the other Party. Neither Party shall have the authority to bind or obligate the other Party and neither Party shall represent that it has such authority.

10.11 Headings; Construction; Interpretation. Headings used herein are for convenience only and shall not in any way affect the construction of or be taken into consideration in interpreting this Agreement. The terms of this Agreement represent the results of negotiations between the Parties and their representatives, each of which has been represented by counsel of its own choosing, and neither of which has acted under duress or compulsion, whether legal, economic or otherwise. Accordingly, the terms of this Agreement shall be interpreted and construed in accordance with their usual and customary meanings, and each of the Parties hereto hereby waives the application in connection with the interpretation and construction of this Agreement of any rule of Law to the effect that ambiguous or conflicting terms or provisions contained in this Agreement shall be interpreted or construed against the Party whose attorney prepared the executed draft or any earlier draft of this Agreement. Any reference in this Agreement to an Article, Section, Schedule subsection, paragraph, clause, or Exhibit shall be deemed to be a reference to any Article, Section, Schedule, subsection, paragraph, clause, or Exhibit, of or to, as the case may be, this Agreement. Except where the context otherwise requires, (a) any reference to any Law refers to such Law as from time to time enacted, repealed or amended or any replacement thereof, (b) the words "herein," "hereof" and "hereunder," and words of similar import, refer to this Agreement in its entirety and not to any particular provision hereof, (c) the words "include," "includes," and "including," shall be deemed to be followed by the phrase "but not limited to," "without limitation" or words of similar import, (d) the word "or" is used in the inclusive sense (and/or), (e) provisions that refer to Persons acting "under the authority of Novartis" shall include Novartis' Affiliates or sublicensees and those Persons acting "under the authority of XOMA" shall include XOMA's Affiliates or licensees (other than Novartis); conversely, those Persons acting "under the authority of Novartis" shall exclude XOMA, its Affiliates and licensees and those Persons acting "under the authority of XOMA" shall exclude Novartis, its Affiliates and sublicensees; (f) the word "notice" shall require notice in writing (whether or not specifically stated) and shall include notices, consents, approvals and other written communications contemplated under this Agreement; (g) words of any gender include the other gender; (h) words using the singular or plural number also include the plural or singular number, respectively; and (i) provisions that require that a Party or the Parties "agree," "consent" or "approve" or the like shall require that such agreement, consent or approval be specific and in writing.

10.12 Further Actions. Each Party shall execute, acknowledge and deliver such further instruments, and do all such other acts, as may be necessary or appropriate in order to carry out the expressly stated purposes and the clear intent of this Agreement.

10.13 Parties in Interest; No Third Party Beneficiary Rights. All of the terms and provisions of this Agreement shall be binding upon, and shall inure to the benefit of and be enforceable by the Parties hereto and their respective successors, heirs, administrators and permitted assigns. The provisions of this Agreement are for the sole benefit of the Parties and

their successors and permitted assigns, and they shall not be construed as conferring any rights to any Third Party (including any third party beneficiary rights).

10.14 Performance by Affiliates. To the extent that this Agreement imposes obligations on Affiliates of a Party, such Party agrees to cause its Affiliates to perform such obligations.

10.15 Extension to Affiliates. Novartis shall have the right to extend the rights and obligations granted in this Agreement to one or more of its Affiliates. All applicable terms and provisions of this Agreement shall apply to any such Affiliate to which this Agreement has been extended to the same extent as such terms and provisions apply to Novartis. Novartis shall remain directly liable for any acts or omissions of its Affiliates, and Novartis hereby expressly waives any requirement that XOMA exhaust any right, power or remedy, or proceed directly against such Affiliate, for any obligation or performance hereunder prior to proceeding directly against Novartis.

10.16 Counterparts. This Agreement may be signed in counterparts, each and every one of which shall be deemed an original, notwithstanding variations in format or file designation which may result from the electronic transmission, storage and printing of copies from separate computers or printers. Facsimile signatures and signatures transmitted via PDF shall be treated as original signatures.

[*Signature page to follow***]**

IN WITNESS WHEREOF, and intending to be legally bound hereby, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

XOMA (US) LLC

By: _____
Name:
Title:

NOVARTIS PHARMA AG

By: _____
Name:
Title:

By: _____
Name:
Title:

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

Confidential

EXHIBIT A – XOMA Patents

[*] (10 pages omitted)

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

EXHIBIT B – Canakinumab Exclusive License Provisions

In addition to the provisions set forth in Section 2.5, effective as of the Canakinumab Exclusive License Effective Date, the provisions identified below shall take effect with respect to the Canakinumab Exclusive License as follows:

1. **Sublicensing:**

   a. Section 2.1.2 of the Agreement is hereby replaced in its entirety with the following new Section 2.1.2:

   "Sublicensing. The license grants in Section 2.1.1 include the right to grant and authorize sublicenses solely in connection with those IL-1 Antibodies and IL-1 Products that are developed by or on behalf of Novartis, its Affiliates and sublicensees in multiple tiers; provided, that (a) [*]; (b) Novartis shall require that each sublicensee comply with all applicable provisions of this Agreement; and (c) Novartis shall remain directly responsible for each sublicensee's performance in connection with this Agreement."

2. **Financials:**

   a. Section 3.2.1 of the Agreement is hereby replaced in its entirety with the following new Section 3.2.1:

   "Royalties. On a CV Canakinumab Product-by-CV Canakinumab Product basis, and country-by-country basis, Novartis shall pay royalties at a rate of [*] ([*]) on Net Sales of such CV Canakinumab Product for the CV Indication sold by Novartis, its Affiliates or its sublicensees in the Territory during the remainder of the Royalty Term."

   b. A new Section 3.2.2(d) is hereby inserted into the Agreement:

   "Third Party Licenses. In the event that [*] or [*] in connection with [*], or [*] under this Agreement, [*] or otherwise and [*] or [*]; provided, that to the extent (if at all) [*] having [*] under this Agreement, [*] under this Agreement.

   Except [*]. Any [*] that [*] and [*] or [*]

3. **Intellectual Property:**

   ARTICLE IV of the Agreement is hereby amended to insert the new provisions identified below solely as they related to the Canakinumab Exclusive License. For clarity purposes, the provisions set forth in ARTICLE IV shall continue to apply with respect to the IL-1 License.

a. Ownership of Intellectual Property Arising Under the Canakinumab Exclusive License. Novartis shall own all data, Patents and Know-How generated, discovered, developed, invented, conceived or reduced to practice by or on behalf of itself, its sublicensees, or Affiliates, whether solely by any such party or jointly by one (1) or more such parties, in connection with the exercise of the Canakinumab Exclusive License under this Agreement, and all intellectual property rights therein, all of which shall be deemed to be "Future IP" under the Agreement.

b. Prosecution and Maintenance of [*] Patents.

i. General. Subject to Section 3.b.ii, as between the Parties, [*] shall diligently and timely Prosecute and Maintain [*] Patents [*] [*] shall keep [*] informed as to material developments with respect to the Prosecution and Maintenance of such [*] Patents, including by timely providing copies of all substantive office actions or any other substantive documents that [*] receives from or submits to any patent office, including notice of all interferences, reissues, re-examinations, oppositions or, subject to Section 3.d., requests for patent term extensions and providing [*] a reasonable opportunity to review and comment on all substantive filings and communications with any patent agency regarding any [*] Patent. [*] shall not unreasonably reject the requests and suggestions of [*] with respect to such drafts and with respect to strategies for filing and prosecuting such [*] Patents in the Territory with the goal of maximizing the exclusive period for Canakinumab and Canakinumab Products as well as any other antibodies that are subject to an exclusive license from [*] or its Affiliates to [*] or its Affiliates.

ii. Filing Decision or Prosecution Lapse. If, during the Term, [*], in exercising its obligations and rights pursuant to Section 3.b.i. to Prosecute and Maintain a [*] Patent in any country, decides not to file such Patent or intends to allow such Patent to lapse or become abandoned without having first filed a substitute Patent, [*] shall notify in writing and consult with [*] regarding such decision or intention at least [*] prior to the date upon which the subject matter of such Patent shall become unpatentable or such Patent shall lapse or become abandoned, and [*] shall thereupon have the right (but not the obligation) to assume the Prosecution and Maintenance thereof at its own expense with counsel of its own choice. If [*] wishes to assume Prosecution and Maintenance of such [*] Patent, [*] shall (A) [*] [*] [*]; (B) promptly provide [*] with the appropriate documents for [*] such Patent in such country; and (C) cooperate and otherwise execute all such documents and instruments at the [*] cost and expense, necessary to [*] such Patent in the name of [*] or its designee.

c. Patent Costs. [*] shall be responsible for all costs and expenses associated with its Prosecution and Maintenance activities of [*] Patents under Section 3.b.i.; provided, however, that [*] shall be responsible for all costs and expenses associated with its Prosecution and Maintenance activities of those [*].

d. Patent Term Extensions.

i. Novartis shall be responsible for determining the strategy for applying for the extension of the term of any [*] Patents with respect to Canakinumab, such as under the "U.S. Drug Price Competition and Patent Term Restoration Act of 1984" (the "Act"), the Supplementary Certificate of Protection of the Member States of the European Union and other similar measures in any other country. If requested by Novartis, and at Novartis' cost, XOMA shall apply for and use its reasonable efforts to obtain such an extension or, should the Law permit or require Novartis (or one (1) of its respective Affiliates, subcontractors or sublicensees hereunder) to so apply, XOMA hereby gives permission to Novartis to do so (in which case XOMA agrees to cooperate with Novartis in the exercise of such authorization and shall execute such documents and take such additional action as Novartis may reasonably request in connection therewith). Novartis and XOMA agree to cooperate with one another in obtaining any patent extension hereunder as directed by Novartis, and [*].

ii. Novartis shall be responsible for determining the strategy with respect to certifications, notices and patent enforcement procedures regarding [*] Patents under the Act and the Biologics Price Competition and Innovation Act of 2009 (the "BPCIA"). XOMA shall cooperate, as reasonably requested by Novartis, in a manner consistent with this Section 3.d.ii. XOMA hereby authorizes Novartis to: (a) provide in any BLA or in connection with the BPCIA, a list of XOMA IL-1 Patents as required under the BPCIA; (b) except as otherwise expressly provided in this Agreement, exercise any rights exercisable by Novartis as Patent owner under the Act or the BPCIA; and (c) exercise any rights that may be exercisable by Novartis as reference product sponsor under the BPCIA, including (1) engaging in the Patent resolution provisions of the BPCIA with regard to [*] Patents; and (2) determining which Patents will be the subject of immediate Patent infringement action under § 351(l)(6) of the BPCIA; provided, that with respect to Novartis' exercise of rights under the BPCIA, Novartis shall consult with a representative of XOMA designated by XOMA in writing and qualified to receive confidential information pursuant to § 365(l) of the BPCIA with respect to Novartis' exercise of any rights exercisable as reference product sponsor, including providing such representative with timely copies of material correspondence relating to such matters, providing such representative the opportunity, reasonably in advance of any related Novartis action, to comment thereon and to consult with and consider in good faith the requests and suggestions of XOMA with respect to such matters

e. Defense of Claims Brought by Third Parties. If [*] receives written notice alleging that the making, using, selling, offering for sale, importing, or other commercial exploitation of Canakinumab or any Canakinumab Product by [*], its Affiliates or sublicensees in the Territory infringes or misappropriates the intellectual property rights of any Third Party, [*] shall promptly notify [*] of the

same in writing. In any such instance, [*] shall have the sole right (but not the obligation) to defend such claim, at [*] (subject to any other provision of this Agreement [*] for the underlying infringement or misappropriation, to [*]).

f. Enforcement. [*] shall promptly notify [*] in writing if it reasonably believes that any [*] IP is infringed or misappropriated by a Third Party with respect to the manufacture, sale, offer for sale, use or importation of Canakinumab or any Canakinumab Product (collectively, "Competing Infringing Activities"). [*] shall have the sole right, but not the obligation, to enforce, including as a counterclaim in a defensive proceeding, [*] Patents with respect to Competing Infringing Activity, or to defend any declaratory judgment action with respect thereto provided however that [*] shall not settle any such enforcement action in any manner that would: (i) require any payment or admission of legal wrongdoing by [*]; or (ii) narrow the scope of or have an adverse effect on the enforceability of any [*] IP, in each case without the prior written consent of [*], which consent shall not be unreasonably withheld, delayed or conditioned. [*] shall keep [*] reasonably informed of the progress of any such action, and [*] shall reasonably cooperate with and assist [*] in such litigation as requested by [*], including providing information and materials, at [*] request and expense, and joining as a plaintiff to any action taken by [*] to enforce the [*] Patents in the Field in the Territory. For clarity, [*].

g. Recovery. That portion of a recovery received under Section 3.f. that is or can reasonably be attributed to a Third Party's breach of [*] with respect to a CV Canakinumab Product (such portion, the "CV Indication Recovery"), shall be used first to reimburse the Parties for the costs and expenses (including attorneys' and professional fees) incurred in connection with such action (and not previously reimbursed), and the remainder of such CV Indication Recovery shall be [*]; provided that if such CV Indication Recovery is [*], then such remainder of the CV Indication Recovery (excluding [*] included in such CV Indication Recovery) shall be treated [*].

4. [*]**.**

ARTICLE II of the Agreement is hereby amended to insert the new provision Section 2.6 as follows:

a. [*] agrees that, during [*] with respect [*].

b. If [*]"), then [*], that [*], or [*], and [*] will either (i) [*]; provided, [*], or (ii) [*]. [*]", as used in this subsection (b), means the [*] without [*].

5. Representations and Warranties of XOMA.

ARTICLE VI of the Agreement is hereby amended to insert the new provision Sections 6.6(a) - (e) as follows:

XOMA hereby represents and warrants to Novartis that, except as set forth in [*] , as of the earlier of (i) the date of the Novartis Interest Notice or (ii) the day [*], as applicable:

(a) The representations and warranties set forth in Sections 6.1 and 6.2 of the Agreement remain true and correct with respect to the [*];

(b) The Patents listed in EXHIBIT A, as updated by XOMA as of the date of the Novartis Interest Notice, comprise a complete and accurate list of [*];

(c) To the knowledge of XOMA, the issued Patents in the [*] are valid and enforceable without any claims, challenges, oppositions, nullity actions, interferences, inter-partes reexaminations, AIA Proceedings, derivation proceedings, or other proceedings pending or threatened and XOMA has filed and prosecuted patent applications within the [*] in good faith and complied with all duties of disclosure with respect thereto;

(d) To the knowledge of XOMA, the manufacture, use, sale, offer for sale or importation of Canakinumab or any Canakinumab Product [*]; and

(e) To the knowledge of XOMA, neither XOMA nor its Affiliates have committed any act, or omitted to commit any act, that may cause the [*] to expire prematurely or be declared invalid or unenforceable.

6. Covenants.

Effective as of the [*], Section 6.3 of the Agreement is amended by adding the new Section 6.3(c) as follows:

"XOMA will maintain all XOMA Third Party Agreements related to the [*] in effect as of the [*] in full force and effect during the Royalty Term, and will not (i) terminate any such XOMA Third Party Agreement, nor (ii) amend any such XOMA Third Party Agreement, in each case in any manner that adversely effects the rights of Novartis under this Agreement."

Confidential

EXHIBIT C – Form of Novartis Invoice

Sender's Logo

Street
Town, Country
Phone and Fax Nr.

INVOICE

INVOICE DATE:
20

INVOICE No.: XXXX

Bill To:For:

[Product X Royalties 1st Quarter 20]

[XXX]

And via fax to no. _____

DESCRIPTION [*Please specify the event for which the invoice is due]***AMOUNT (USD)**	
Product X [royalties] [January – March 20] calculated based on Novartis provided [sales & royalty report] (see attached worksheet)US$ 000'000.00	
[(Or milestone payment for event Y, according to paragraph XY of agreement ZZZZ dated ……)]	
Novartis Contract Code	
Please remit by wire transfer within [[] days] to:	
Receiving Bank - ……..	
Swift Code - ……..	
ABA Number - ……..	
Credit Account - ……..	
Beneficiary - ……..	
TOTAL	000'000,00
If you have any questions concerning this invoice, contact ……	
or e-mail to ……..	
VAT -Reg. No. Xxxxxxxxxx (if applicable)	

EXHIBIT D – Form of Servier Payoff Letter

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

August 24, 2017

XOMA (US) LLC
2910 Seventh Street
Berkeley, CA 94710
United States
Attention: Chief Financial Officer
FAX: 510-649-0315

Re: **Payoff Letter**

Ladies and Gentlemen:

Reference is made to (i) that certain Loan Agreement, dated as of December 30, 2010, as amended and assigned by the Consent, Transfer, Assumption and Amendment Agreement, dated as of August 12, 2013, as further amended by Amendment N o2 to the Loan Agreement, dated as of January 9, 2015, and Amendment No3 to the Loan Agreement, dated as of January 17, 2017 (as so amended, and as further amended, restated, supplemented or otherwise modified from time to time through the date hereof, the "Loan Agreement"), each between XOMA (US) LLC, a Delaware limited liability company (as successor by assignment to XOMA Ireland Limited, "XOMA" or "you") and Les Laboratoires Servier ("Servier" or "us") and the other entities from time to time party thereto, and (ii) the other agreements, documents and instruments executed in connection therewith (as each may be further amended, restated, supplemented or otherwise modified from time to time through the date hereof, together with the Loan Agreement, collectively, the "Secured Agreements"). You have informed us that, on or about August 25, 2017, you expect to satisfy, in full, all of the Obligations under the Loan Agreement and the other Secured Agreements, including all monies, liabilities and obligations secured thereunder. All capitalized terms used but otherwise not defined herein shall have the meanings set forth in the Loan Agreement.

Upon Servier's receipt on August 25, 2017, by federal funds wire transfer (or similar transfer of immediately available funds) in accordance with the instructions set for the below, of an amount equal to €12,022,451, which amount shall be increased by an amount equal to €576 (representing per diem interest) for each day thereafter that the Payoff Amount remains unpaid (such amount, the "Payoff Amount", and the date upon which such wire is received, the "Payoff Effective Time"), Servier agrees to deliver (or cause to be delivered) to XOMA the original Promissory Note (marked as "cancelled") and all other instruments in Servier's possession, if any, and other releases of liens, discharges, terminations and release documentation, executed by Servier (if applicable) releasing Servier's Liens (as hereinafter defined) on all of the assets and property of XOMA subject to such Liens (the "Collateral").

Upon the Payoff Effective Time, Servier agrees and acknowledges that (i) all Obligations, including without limitation outstanding indebtedness (including, without limitation, for principal, interest and fees) and other obligations of XOMA under or relating to the Secured Agreements, shall be deemed paid and satisfied in full and irrevocably discharged, terminated and released, (ii) all security interests and other liens and encumbrances ("Liens") granted to or held by Servier in any assets of XOMA as security for such Obligations shall be automatically,

forever and irrevocably satisfied, released and discharged, (iii) the Loan Agreement and the other Secured Agreements shall be automatically terminated and of no further force or effect, and neither XOMA nor any other Person shall have a right to draw funds thereunder, and (iv) XOMA or its agent or designee shall be authorized, without further action, notice or consent, to file the UCC termination statement attached hereto as Exhibit A, and all other instruments, releases and documents evidencing the release of Servier's Liens on the Collateral. Further, Servier agrees to execute such documents and take all additional actions reasonably requested by XOMA, from time to time, to release its Liens on the Collateral and evidence the termination of the Obligations. XOMA agrees to pay Servier for all reasonable out-of-pocket costs and expenses incurred by Servier in connection with the matters referred to in the previous sentence, and acknowledges that Servier's execution of and/or delivery of documents releasing any security interest or claim in any Collateral of XOMA as set forth herein is made without recourse, representation, warranty or other assurance of any kind by Servier and hereby confirms that the commitments of Servier to make any Advance or incur liabilities under the Secured Agreements are terminated as of the Payoff Effective Time, and, as of the Payoff Effective Time, Servier shall have no further obligation to make Advances to XOMA or any other Person under the Secured Agreements.

The Payoff Amount referred to above should be sent to the following account of Servier:

[*]

This Agreement shall be governed by the internal laws of the State of New York. No party may assign its rights, duties or obligations under this Agreement without the prior written consent of the other parties. This Agreement may be executed in any number of separate counterparts, each of which shall, collectively and separately, constitute one agreement. Delivery of an executed counterpart of this letter by electronic means (e.g., facsimile or .pdf) shall be equally as effective as delivery of an original executed counterpart and shall not affect the validity, enforceability, and binding effect of this letter. The undersigned parties have signed below to indicate their consent to be bound by the terms and conditions of this Agreement.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

If you need additional information, please do not hesitate to contact us.

Very truly yours,

LES LABORATOIRES SERVIER

By: _____
Name:
Title:

INSTITUT DE RECHERCHES SERVIER

By: _____
Name:
Title:

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

ACCEPTED and AGREED:

XOMA (US) LLC

By: _____
Name:
Title:

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

EXHIBIT A
UCC TERMINATION STATEMENT

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

EXECUTION VERSION

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

Exhibit 10.3

LICENSE AGREEMENT

by and between
XOMA (US) LLC

and

NOVARTIS PHARMA AG

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List of Exhibits and Schedules

LICENSE AGREEMENT

This LICENSE AGREEMENT (the "Agreement") is entered into as of the 24th day of August, 2017 (the "Effective Date") by and between XOMA (US) LLC, a limited liability company organized under the laws of Delaware having offices at 2910 Seventh St., Berkeley, CA, USA, 94710 ("XOMA"), and Novartis Pharma AG, a company limited by shares (*Aktiengesellschaft*) incorporated under the laws of Switzerland and registered in the Commercial Register of the Canton of Basel-Stadt, Switzerland, under number CHE-106.052.527 whose registered office is at Lichtstrasse 35, 4056 Basel, Switzerland ("Novartis"). XOMA and Novartis are each referred to herein by name or as a "Party" or, collectively, as the "Parties."

RECITALS

WHEREAS, XOMA possesses proprietary technology and intellectual property, development and supply rights with respect to the Antibody and Products (as defined below);

WHEREAS, Novartis possesses expertise in the manufacture, development and commercialization of human therapeutic products;

WHEREAS, the Parties desire that XOMA grant Novartis exclusive rights and that Novartis be solely responsible for the further Development and Commercialization of the Antibody and Products in the Field in the Territory (each, as defined below), in exchange for certain milestones and royalties to be paid to XOMA and the other consideration referenced herein, all on the terms and conditions set forth herein; and

WHEREAS, simultaneously with the execution and delivery of this Agreement, XOMA Corporation is signing a Guaranty dated the Effective Date guarantying the full and prompt payment and performance of all of XOMA's obligations under this Agreement.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I
DEFINITIONS

As used in this Agreement, the following terms will have the meanings set forth in this ARTICLE I unless context dictates otherwise:

"ACA" means the Patient Protection and Affordable Care Act, as the same may be amended or supplemented from time to time.

"Accounting Standards" means, with respect to XOMA, GAAP, and means, with respect to Novartis, IFRS, in each case, as generally and consistently applied throughout the Party's organization. Each Party shall promptly notify the other in the event that it changes the Accounting Standards pursuant to which its records are maintained; provided, however, that each Party may only use internationally recognized accounting principles (e.g., IFRS, GAAP, etc.).

"Acquiror IP" means, in connection with a Change of Control of XOMA, any Patents and/or Know-How owned or controlled by a Third Party acquiror of XOMA immediately prior to the date of the Change of Control or developed or generated thereafter by such Third Party acquiror without use of or access to the XOMA IP existing immediately prior to such date.

"Affiliate" means any Person that directly or indirectly controls or is controlled by or is under common control with a Party. For the purpose of this definition, "control," "controls" or "controlled" means ownership (directly or through one (1) or more Affiliates) of fifty percent (50%) or more of the shares of stock entitled to vote for the election of directors (in the case of a corporation) or fifty percent (50%) or more of the equity interests (in the case of any other type of legal entity), status as a general partner in any partnership, any other arrangement whereby a Person controls or has the right to control the board of directors or equivalent governing body of a corporation or other entity or the ability to cause the direction of the management or policies of a corporation or other entity. The Parties acknowledge that in the case of certain entities organized under the Laws of certain countries, the maximum percentage ownership permitted by Law for a foreign investor may be less than fifty percent (50%), and that in such case such lower percentage shall be substituted in the preceding sentence; provided, that such foreign investor has the power to direct the management and policies of such entity.

"AIA Proceedings" means post-issuance patent challenges and other proceedings under the U.S. Leahy-Smith America Invents Act.

"Antibody" means gevokizumab, also known as XOMA-052, and any isoforms, allelic variants, mutants, polymorphisms, modified forms and fragments thereof, and human and non-human counterparts of the foregoing.

"Antitrust Laws" shall mean any federal, state, or foreign statutes, rules, regulations, orders, or decrees that are designed to prohibit, restrict, or regulate actions having the purpose or effect of monopolization or restraint of trade, including the Clayton Act, the HSR Act, and the Sherman Act.

"Biosimilar" a biological medicinal product for human use which (a) is highly similar to a reference biological medicinal product that has Regulatory Approval in the country in question; (b) has no clinically meaningful differences from such reference product in terms of quality, safety and efficacy, and (c) is approved for use (i) in the United States as a biosimilar biologic product (as defined in the ACA) pursuant to an abbreviated regulatory approval process established under the ACA; (ii) in the EU as a similar biologic medicinal product pursuant to Directive 2001/83/EC or Regulation (EC) No 726/2004 (as applicable); and/or (iii) in any other country pursuant to an equivalent regime in such country. A product shall not be

considered to be a Biosimilar if (A) Novartis or any of its Affiliates or sublicensees was involved in the Development of such product, or (B) such product is commercialized by any sublicensee of Novartis or any of its Affiliates or by any Person who obtained such product in a chain of distribution that included Novartis or any of its Affiliates or sublicensees.

"BLA" means a Biologics License Application filed with the FDA in the United States with respect to a Product, as defined in Title 21 of the U.S. Code of Federal Regulations, Section 601.2 et seq., or a comparable filing for Regulatory Approval in a jurisdiction other than the United States.

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks are authorized or required to be closed, as the case may be, in Basel, Switzerland or San Francisco, California.

"Calendar Quarter" means a period of three (3) consecutive months ending on the last day of March, June, September, or December, respectively.

"Calendar Year" means a period of twelve (12) consecutive months beginning on January 1 and ending on December 31.

"cGCP" means current Good Clinical Practices as defined in U.S. Regulations 21 C.F.R. § 50, 54, 56, 312 and 314, and applicable ICH standards as each may be amended from time to time.

"cGLP" means current Good Laboratory Practices as defined in U.S. Regulations 21 C.F.R. § 58 and applicable FDA then-current laboratory review and inspection requirements, as each may be amended from time to time.

"cGMP" means current Good Manufacturing Practices pursuant to U.S. Regulations 21 C.F.R. § 211, et seq., and applicable ICH standards as each may be amended from time to time.

"Change of Control" means, with respect to a Party: (a) completion of a merger, reorganization, amalgamation, arrangement, share exchange, consolidation, tender or exchange offer, private purchase, business combination, recapitalization or other transaction involving such Party or such Party's ultimate parent as a result of which the stockholders of such Party or parent immediately preceding such transaction hold less than fifty percent (50%) of the outstanding shares, or less than fifty percent (50%) of the outstanding voting power, respectively, of the ultimate company or entity resulting from such transaction immediately after consummation thereof (including a company or entity which as a result of such transaction owns the then-outstanding securities of a Party or all or substantially all of a Party's assets, either directly or through one (1) or more subsidiaries); (b) the adoption of a plan relating to the liquidation or dissolution of a Party or its ultimate parent, other than in connection with a corporate reorganization (without limitation of clause (a), above); (c) the sale or disposition to a Third Party of all or substantially all the assets of a Party (determined on a consolidated basis); or (d) the sale or disposition to a Third Party of assets or businesses that constitute fifty percent (50%) or more of the total revenue or assets of a Party (determined on a consolidated basis). The entity(ies) gaining control of such Party pursuant to a transaction described in the preceding sentence are referred to herein as the "Acquiror."

"Combination Product" means any pharmaceutical or biological product (in any formulation) containing one (1) or more active pharmaceutical ingredients in addition to the Antibody.

"Commercialization" and "Commercialize" means all activities undertaken relating to the marketing, promotion (including advertising, detailing, sponsored product or continuing medical education), use, offering for sale, importing for sale, exporting for sale, distribution and sale of a Product and the commercial manufacturing of a Product, as well as, in each case, maintaining Regulatory Approvals necessary or useful to undertake such activities.

"Commercially Reasonable Efforts" means the expenditure of those efforts and resources used consistent with the usual practice of Novartis or its applicable Affiliates in pursuing Development or Commercialization of other similar pharmaceutical or biological products proprietary to Novartis or its Affiliates with similar market and economic potential and at a similar stage in Development or product life, taking into account efficacy, safety, approved labeling, the competitiveness of alternative products in the marketplace, the patent and other proprietary position of the product, the likelihood of regulatory approval given the regulatory structure involved[*] and all other Commercially Relevant Factors. It is anticipated that the level of effort may change over time, reflecting changes in the status of the Antibody or a Product, as applicable.

"Commercially Relevant Factors" means, with respect to the Development or Commercialization of the Antibody or a Product by Novartis or its Affiliates, all relevant factors that may affect the Development or Commercialization of the Antibody or such Product, including (as applicable): safety, efficacy, quality or stability; product profile (including product modality, category and mechanism of action); stage of Development or life cycle status; Development and Commercialization costs and risk; feasibility and cost of manufacture; the likelihood of obtaining Regulatory Approvals (including satisfactory price approvals) and the timing of such approvals; the current guidance and requirements for Regulatory Approval and the current and projected regulatory status, including expectations for post-approval commitments; labeling or anticipated labeling; the then-current competitive environment and the likely competitive environment at the time of projected entry into the market; past performance; present and future market potential; existing or projected pricing, sales, reimbursement and profitability; pricing or reimbursement changes in relevant countries; proprietary position, strength and duration of patent protection and anticipated exclusivity; and the [*].

"Control", "Controls" or "Controlled" means, with respect to any Know-How, Patents, proprietary information or trade secrets, or other intellectual property rights (collectively, "Rights"), the legal authority or right (whether by ownership, license or otherwise) of a Party to grant a license or a sublicense of or under such Rights to the other Party, or to otherwise disclose such proprietary information or trade secrets to the other Party, without breaching the terms of any agreement with a Third Party, or misappropriating the proprietary information or trade secrets of a Third Party.

"Cover", "Covering" or "Covered" means, with respect to a product, composition, technology, process or method, that, in the absence of ownership of or a license granted under a Valid XOMA Claim, the manufacture, use, offer for sale, sale or importation of such product or composition, or the practice of such technology, process or method, would infringe such Valid XOMA Claim (or, in the case of a Valid XOMA Claim that has not yet issued, would infringe such Valid XOMA Claim if it were to issue as then being prosecuted in good faith).

"Develop" or "Development" means all research, discovery, pre-clinical development, clinical development, and regulatory activities with respect to the Antibody and Products, including optimization, non-clinical testing, pharmacology studies, toxicology studies, formulation, chemical analysis, bioanalytical analysis, material performance studies (such as measurements of stability, physical form, dissolution, or visual or spectroscopic analysis, and the like), manufacturing process development and scale-up (including with respect to active pharmaceutical ingredient and drug product production), quality assurance and quality control, technical support, pharmacokinetic studies, clinical studies, regulatory affairs activities, and manufacturing, use and importation in support of such activities, in each case to the extent required or useful to obtain any Regulatory Approvals from the FDA or any other applicable Regulatory Authority.

"Dollars" or "$" means the legal tender of the U.S.

"EMA" means the European Medicines Agency, and any successor entity thereto.

"Executive Officers" means the Chief Executive Officer (or his designee) of XOMA and the Head BD&L (or his designee) of Novartis International AG, an Affiliate of Novartis.

"FDA" means the U.S. Food and Drug Administration, and any successor entity thereto.

"Field" means [*] indications and uses, including [*] indications and therapeutic uses.

"First Commercial Sale" means, with respect to a Product, the first arm's length sale to a Third Party for use or consumption of any such Product in a country. For clarity, the First Commercial Sale shall not include any sale by a Party to its Affiliates or sublicensees (unless such Person is the end user of a Product).

"Fixed Dose Combination Product" means a Combination Product administered in fixed-dose form.

"GAAP" means United States generally accepted accounting principles consistently applied by the applicable Person.

"HSR Act" means the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

"ICH" means the International Conference on Harmonisation of Technical Requirements for Registration of Pharmaceuticals for Human Use.

"IFRS" means International Financial Reporting Standards, as amended from time to time.

"Indication" means the specific human disease or condition for which a Product has received Regulatory Approval, the approved label claim of which identifies such Indication; provided, that during the Development of the Antibody or a Product (prior to Regulatory Approval), the Indication(s) for the Antibody or such Product shall be the Indication(s) that are targeted by such Development efforts, as reflected in the applicable development plan and clinical trial protocols.

"IND" means (a) an Investigational New Drug Application as defined in the U.S. Food, Drug & Cosmetics Act and applicable regulations promulgated thereunder by the FDA; (b) a Clinical Trial Authorization filed with EU member states; or (c) the equivalent application to the equivalent Regulatory Authority in any other regulatory jurisdiction, the filing of which is necessary to initiate or conduct clinical testing of an investigational new drug in humans in such jurisdiction.

"Indebtedness" means (without duplication), as to any Person, (a) all obligations for the payment of principal, interest, penalties, fees or other liabilities for borrowed money (including guarantees and notes payable), incurred or assumed, (b) all obligations of such Person for the deferred purchase price of property or services, (c) any obligations to reimburse the issuer of any letter of credit, surety bond, debentures, promissory notes, performance bond or other guarantee of contractual performance, (d) all Indebtedness of Third Parties secured by a Lien on property owned or acquired by such Person, (e) any obligation that would be required to be reflected as debt on the balance sheet of such Person under the Accounting Standards and (f) all Indebtedness of others referred to in clauses (a) through (e) above guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement to pay or purchase such Indebtedness, to advance or supply funds for the payment or purchase of such Indebtedness or otherwise to assure a creditor against loss, in each case including all accrued interest and prepayment penalties, if any, and (g) all contingent obligations in respect of indebtedness or obligations of others of the kinds referred to in clauses (a) through (f) above.

"Initial Payment" means Thirty Million Dollars (US$30,000,000).

"Know-How" means all technical or proprietary information, know-how and data, including inventions (whether patentable or not), discoveries, trade secrets, specifications, instructions, processes, formulae, materials, expertise and other technology applicable to compounds, formulations, compositions, products or to their manufacture, development, registration, use or commercialization or methods of assaying or testing them or processes for their manufacture, formulations containing them, compositions incorporating or comprising them and including all biological, chemical, pharmacological, biochemical, toxicological, pharmaceutical, physical and analytical, safety, quality control, manufacturing, preclinical and clinical data, instructions, processes, formulae, expertise and information, regulatory filings and copies thereof, relevant to the development, manufacture, use or commercialization of and/or which may be useful in studying, testing, development, production or formulation of products, or intermediates for the synthesis thereof.

"Law" or "Laws" means all laws, statutes, rules, regulations, orders, judgments, guidelines or ordinances having the effect of law of any federal, national, multinational, state, provincial, county, city or other political subdivision.

"Liens" means all liens, claims, security interests, licenses, security interests, restrictions on ownership or transferability or other encumbrances of any kind.

[*] means, with respect to [*], the following has occurred: [*].

"Major European Country" means any of France, Germany, Italy, Spain or the United Kingdom.

"Net Sales" means the net sales on behalf of Novartis and any of its Affiliates or sublicensees (each, a "Selling Party") for any Product sold to Third Parties other than sublicensees in bona fide, arm's-length transactions, [*]. The deductions booked on an accrual basis [*] to calculate the recorded net sales from gross sales include, [*]:

(a) normal trade and cash discounts;

(b) amounts repaid or credited by reasons of defects, rejections, recalls or returns;

(c) rebates and chargebacks to customers and Third Parties (including Medicare, Medicaid, Managed Healthcare and similar types of rebates);

(d) any amounts recorded in gross revenue associated with goods provided to customers for free;

(e) amounts provided or credited to customers through coupons and other discount programs;

(f) delayed ship order credits, discounts or payments related to the impact of price increases between purchase and shipping dates;

(h) [*]; and

(i) [*].

In the case of any sale or other disposal of a Product between or among Novartis and its Affiliates or sublicensees, for resale, Net Sales shall be calculated only on the value charged or invoiced on the first arm's-length sale thereafter to a Third Party. In the case of any sale which is not invoiced or is delivered before invoice, Net Sales shall be calculated at the time [*]. In the case of any sale or other disposal for value, such as barter or counter-trade, of any Product, or part thereof, other than in an arm's-length transaction exclusively for money, Net Sales shall be calculated on the value of the non-cash consideration received or the fair market price (if higher) of a Product in the country of sale or disposal.

In the event a Product is sold as a Fixed Dose Combination Product, the Net Sales of a Product, for the purposes of determining royalty payments, shall be determined by multiplying the Net Sales of the Fixed Dose Combination Product by the fraction, A/(A+B) where A is the weighted (by sales volume) average sale price in a particular country of a Product containing the Antibody as the sole active ingredient when sold separately in finished form and B is the weighted average sale price in that country of the product(s) containing the other component(s) as the sole active ingredient(s) when sold separately in finished form. Regarding prices comprised in the weighted average price when sold separately referred to above, if these are available for different dosages from the dosages of the Antibody and other active ingredient components that are included in the Fixed Dose Combination Product, then [*] in calculating the royalty-bearing Net Sales of the Fixed Dose Combination Product. In the event that such weighted average sale price cannot be determined for both a Product and the other product(s) in combination, or if the Combination Product is not a Fixed Dose Combination Product, the calculation of Net Sales for purposes of determining royalty payments shall be [*].

For the avoidance of doubt, sales between Novartis, its Affiliates and its sublicensees shall not be considered Net Sales (unless such Person is the end user of a Product).

"Novartis Note Agreement" means that certain Secured Note Agreement by and between XOMA (US) LLC and Chiron Corporation, dated as of May 26, 2005; as amended, by that certain letter agreement by and between XOMA (US) LLC and Novartis Vaccines and Diagnostics, Inc. (f/k/a Chiron Corporation), dated as of June 19, 2015; as amended, by that certain letter agreement by and between XOMA (US) LLC and Novartis Vaccines and Diagnostics, Inc. (f/k/a Chiron Corporation) which was assigned to Novartis Institutes for BioMedical Research, Inc. immediately prior to the execution of such letter agreement, dated as of September 30, 2015.

"Patent" means (a) all patents and patent applications in any country or supranational jurisdiction in the Territory, (b) any substitutions, divisionals, continuations, continuations-in-part, provisional applications, reissues, renewals, registrations, confirmations, re-examinations, extensions, supplementary protection certificates and the like of any such patents or patent applications, and (c) foreign counterparts of any of the foregoing.

"Person" means any individual, partnership, joint venture, limited liability company, corporation, firm, trust, association, unincorporated organization, governmental authority or agency, or any other entity not specifically listed herein.

"Phase II Clinical Trial" means a clinical study of an investigational product in patients with the primary objective of characterizing efficacy as well as generating more detailed safety, tolerability, and pharmacokinetics information. The investigational product can be administered to patients as a single agent or in combination with other investigational or marketed agents and shall be deemed commenced when the first patient in such study has received his or her initial dose of a product. Any clinical study conducted under a protocol which identifies such study as a "Phase II" study (but excluding any study identified as a "Phase I/II" study unless such study otherwise satisfies the criteria in the first sentence of this definition) shall be deemed to be a Phase II Clinical Trial.

"Phase III Clinical Trial" means a clinical study of an investigational product in patients with the primary objective of confirming with statistical significance the efficacy and safety with the aim to obtain Regulatory Approval in any country as described in 21 C.F.R. § 312.21(c), or a comparable clinical study prescribed by the relevant Regulatory Authority in a country other than the United States. The investigational product can be administered to patients as a single agent or in combination with other investigational or marketed agents and shall be deemed commenced when the first patient in such study has received his or her initial dose of a product. Any clinical study conducted under a protocol which identifies such study as a "Phase III" or "pivotal" study shall be deemed to be a Phase III Clinical Trial.

"Proceeding" means any action, suit, proceeding, claim, arbitration, audit of governmental authority, criminal prosecution, unfair labor practice charge or complaint, examination, inquiry or investigation.

"Product" means any pharmaceutical or biological product containing the Antibody (alone or with other active ingredients), in all forms, presentations, formulations, methods of administration and dosage forms. For the purposes of this Agreement, Product shall be deemed to include a Biosimilar of the Antibody.

"Prosecution and Maintenance" or "Prosecute and Maintain" means, with regard to a Patent, the preparation, filing, prosecution and maintenance of such Patent, as well as re-examinations, reissues, appeals, and requests for patent term adjustments and patent term extensions with respect to such Patent, together with the initiation or defense of interferences, the initiation or defense of oppositions and other similar proceedings with respect to the particular Patent, and any appeals therefrom, and any AIA Proceedings. For clarification, "Prosecution and Maintenance" or "Prosecute and Maintain" shall not include any other enforcement actions taken with respect to a Patent.

"Regulatory Approval" means, with respect to a Product in any country or jurisdiction, the approval (including where required, pricing and reimbursement approvals), registration, license or authorization from a Regulatory Authority in a country or other jurisdiction that is necessary to market and sell such Product in such country or jurisdiction.

"Regulatory Authority" means any governmental agency or authority responsible for granting Regulatory Approvals for Products, including the FDA, EMA and any corresponding national or regional regulatory authorities.

"Regulatory Materials" means regulatory applications, notifications, and registrations for Regulatory Approvals or other submissions made to or with a Regulatory Authority, together with all related correspondence to or from such Regulatory Authority, with respect or related to the Development or Commercialization of a Product in a particular country, territory or possession in the Territory. Regulatory Materials include INDs, BLAs, and amendments and supplements to any of the foregoing, and applications for pricing approvals.

"Servier Lien Release" means receipt by Novartis of the Servier Payoff Letter completed and fully executed by XOMA and Servier.

"Servier Loan" means all of the Indebtedness and other obligations due or payable under that certain Loan Agreement by and between XOMA (US) LLC on the one hand, and Les Laboratoires Servier and Institut de Recherches Servier (together, "Servier") on the other, dated as of December 30, 2010 (as amended, by that certain Consent, Transfer, Assumption and Amendment Agreement by and among XOMA Ireland Limited, XOMA (US) LLC and Les Laboratoires Servier, dated as of August 12, 2013; as amended, by that certain Amendment No. 2 to the Loan Agreement by and between XOMA (US) LLC and Servier, dated as of January 9, 2015; as amended, by that certain Amendment No. 3 to the Loan Agreement by and between XOMA (US) LLC and Servier, dated as of January 17, 2017; and as may be further amended by the parties thereto, subject to the terms of this Agreement) (the "Servier Loan Agreement") and any other Indebtedness due or payable between XOMA (US) LLC or any XOMA Affiliates and Servier and any Servier Affiliates related to any intellectual property licensed pursuant to this Agreement.

"Servier Payoff Letter" means the payoff letter substantially in the form attached as **EXHIBIT E**, with such amendments or modifications approved in writing by Novartis, which approval shall not be unreasonably withheld or delayed.

"Stock Purchase Agreement" means that certain Common Stock Purchase Agreement between Novartis and XOMA Corporation, dated the Effective Date.

"Territory" means all countries of the world.

"Third Party" means any Person other than XOMA or Novartis that is not an Affiliate of XOMA or of Novartis.

"United States" or "U.S." means the United States of America and all of its territories and possessions.

"Valid XOMA Claim" means with respect to any country, (a) a claim of an issued and unexpired Patent that is a XOMA Patent, or (b) a claim in a filed but not yet granted patent application that is a XOMA Patent where such claim has not yet been pending for longer than [*] years following the filing of the earliest application from which said patent application derives priority, in each case where such claim has not been (w) disclaimed, cancelled, withdrawn or abandoned, (x) dedicated to the public, (y) declared invalid, unenforceable, unpatentable or revoked by a decision of a court, government agency or other authority, or (z) admitted to be invalid or unenforceable through reexamination, reissue or otherwise; provided, that if such a claim ceases to be a Valid XOMA Claim by reason of the foregoing (w) through (z), then such claim shall again be deemed a Valid XOMA Claim in the event such claim subsequently issues within a XOMA Patent.

"XOMA IP" means XOMA Know-How and XOMA Patents.

"XOMA Know-How" means Know-How, other than any Know-How that is part of any Acquiror IP, that is Controlled by XOMA or its Affiliates [*] for the Development or Commercialization of the Antibody and/or Products.

"XOMA Patents" mean any Patents, other than any Patents that are part of any Acquiror IP, that are Controlled by XOMA or its Affiliates [*], that claim the Antibody and/or any Products and/or the use, manufacture or sale thereof, [*] including those set forth on **EXHIBIT A**.

"XOMA Product Patents" means all patents and patent applications claiming priority to US 60/692,830 (XOMA's "gevo family 1").

"XOMA Regulatory Materials" means all Regulatory Materials and Regulatory Approvals owned or Controlled by XOMA or its Affiliates relating to the Antibody or Products in the Territory, whether as of the Effective Date or during the Term.

1.1 Additional Definitions. Each of the following definitions is set forth in the section of this Agreement indicated below:

Acquiror	Definition of 'Change of Control' in ARTICLE I
Act	Section 5.6.1
Agreement	Preamble
Auditor	Section 4.7.2
Bankruptcy Code	Section 3.3.1
BPCIA	Section 5.6.2
Change of Control	ARTICLE I
Claims	Section 8.1
Competing Infringing Activities	Section 5.5
[*]	Section [*]
Confidential Information	Section 6.1
Development and Regulatory Milestone Payment	Section 4.2
Development and Regulatory Milestone Payments	Section 4.2
Disclosing Party	Section 6.1
[*]	Section [*]
Effective Date	Preamble
Existing Confidentiality Agreement	Section 6.1(e)
Future IP	Section 5.1.2
Indemnified Party	Section 8.3.1
Indemnifying Party	Section 8.3.1
Inventory	Section 7.2(m)
Losses	Section 8.1
Novartis	Preamble
Novartis Indemnitees	Section 8.2
Novartis Patents	Section 5.1.2
Novartis Product	Section 9.4.4(b)
Parties	Preamble
Party	Preamble
Payment Breach	Section 9.2
Phase I/II	Definition of 'Phase II Clinical Trial' in ARTICLE I
Phase II	Definition of 'Phase II Clinical Trial' in ARTICLE I

Phase III	Definition of 'Phase III Clinical Trial' in ARTICLE I
pivotal	Definition of 'Phase III Clinical Trial' in ARTICLE I
Process	Section 2.5.2
Product Marks	Section 5.8
[*]	Section [*]
Receiving party	Section 6.1
[*]	Section [*]
Rights	Definition of 'Control' in ARTICLE I
Royalty Term	Section 4.3.2(a)
Sales & Royalty Report	Section 4.4.2
Selling Party	Definition of 'Net Sales' in ARTICLE I
Servier	Definition of 'Servier Loan' in ARTICLE I
Servier Liens	Section 4.1.1(a)
Servier Loan Agreement	Definition of 'Servier Loan' in ARTICLE I
Servier Loan Repayment	Section 4.1.1(a)
Servier Payoff Estimated Amount	Section 4.1.1(a)
[*]	Section [*]
Term	Section 9.1
Trade Control Laws	Section 11.7
XOMA	Preamble
XOMA Indemnitees	Section 8.1
[*]	Section [*]
[*]	Section [*]

ARTICLE II
DEVELOPMENT AND COMMERCIALIZATION

2.1 Development and Commercialization . Novartis shall be solely responsible in its sole discretion [*] for the Development and Commercialization of the Antibody and/or Products (as applicable); provided, that, [*] Novartis shall, itself or through its [*], use Commercially Reasonable Efforts to continue to Develop, seek Regulatory Approval for and, following such Regulatory Approval, Commercialize such Product [*].

2.2 Regulatory; Manufacturing.

2.2.1 Novartis shall (a) determine the regulatory plans and strategies for the Antibody and Products, (b) be responsible for making all Regulatory Filings with respect to the Products (either itself or through its Affiliates, sublicensees or distributors), and (c) be responsible for obtaining and maintaining Regulatory Approvals throughout the Territory in the name of Novartis or its Affiliates, sublicensees or distributors.

2.2.2 XOMA shall reasonably cooperate with and provide assistance to Novartis in connection with filings to or with any Regulatory Authority relating to the Antibody and Products, including by executing any required documents, providing reasonable access to personnel and providing Novartis with copies of all reasonably required documentation. [*] associated with such cooperation and assistance to the extent such activities are conducted during the [*] following the Effective Date [*].

2.2.3 Novartis or its designated sublicensee(s) will be solely responsible for the manufacture and supply of the Antibody and Products being Developed or Commercialized under this Agreement.

2.3 Reporting. [*] Novartis shall provide XOMA with written reports detailing the activities of Novartis, its Affiliates and sublicensees with respect to the Development of (and, if applicable, pre-commercial launch activities for) such Product in the Field in the Territory, both as to activities conducted during [*] and planned activities, in sufficient depth to enable XOMA to reasonably assess Novartis' compliance with Section 2.1. Novartis shall discuss with XOMA such report in a time and manner as mutually agreed by the Parties.

2.4 Subcontracting. Novartis shall have the right to engage Affiliates or Third Party subcontractors to perform any of its obligations under this Agreement, subject to ensuring such Affiliates' and subcontractors' compliance with the Agreement. Novartis shall remain directly liable for any breach of this Agreement attributable to any act or omission of any Novartis Affiliate, subcontractor or sublicensee.

2.5 Transfer of Inventory, Materials, Process and Know-How. Within [*] after the Effective Date:

2.5.1 XOMA shall transfer to Novartis the entire Inventory; provided, that [*] related to such transfer. [*] Inventory under this Agreement [*]. XOMA shall transfer, and shall cause its contractors to transfer, the Inventory in accordance with all applicable Laws and shall be delivered to a destination designated by Novartis. The Inventory shall be provided "AS-IS", and XOMA expressly disclaims all representations and warranties with respect thereto, excepting only as to title and the right to transfer the Inventory to Novartis.

2.5.2 XOMA shall cooperate reasonably in good faith with Novartis to bring about and complete a smooth and orderly transition of the manufacture of the Antibody and each Product existing as of the Effective Date, including the Process for the Antibody and such Products, to Novartis or to a Third Party or Affiliate of Novartis designated by Novartis. "Process" means, with respect to the Antibody or a Product, [*], and [*], and [*], which [*] and [*] for the manufacture of the Antibody or such Product. In support of the foregoing, upon request of Novartis, XOMA shall provide such technology transfer support services as described below to Novartis or to a Third Party or Affiliate of Novartis, as follows:

(a) During such [*] period, XOMA shall use commercially reasonable efforts to ensure that Novartis has access to [*] and [*], including [*] and [*] the Process.

(b) During such [*] period, Novartis and the [*] shall [*] and [*] the Process.

(c) [*] in connection with the transfer of the Process, and [*], for clarity, [*] and [*] or [*]. Notwithstanding the foregoing, to the extent [*] with respect to [*] such [*] period, [*] in connection therewith.

2.5.3 Without limiting the foregoing in Sections 2.5.1 and 2.5.2, or being limited thereby, XOMA shall use commercially reasonable efforts during such [*] period, to [*] and [*] or [*], including [*] that include [*] and [*] and [*] and [*] and [*] as described herein. XOMA shall also use commercially reasonable efforts to [*] and [*] and [*] in connection with this Agreement, including in relation to any of the foregoing [*] as contemplated hereunder. Such activities shall be [*] . Notwithstanding the foregoing, the Parties further agree that, [*] and [*]

2.5.4 Notwithstanding any other provision of this Section 2.5, [*] and that [*], in each case in connection [*]. XOMA shall use commercially reasonable efforts to [*] and provided that [*]. Such [*] during [*] and at [*].

2.5.5 All Know-How and documentation to be transferred to Novartis hereunder shall be provided in electronic form.

ARTICLE III
LICENSE GRANTS

3.1 License Grants; [*].

3.1.1 License Grant. XOMA hereby grants to Novartis and its Affiliates an exclusive (even as to XOMA and its Affiliates) license under the XOMA IP and XOMA Regulatory Materials to Develop and Commercialize the Antibody and Products for the Field in the Territory, including to conduct any and all medical affairs activities with respect thereto. The foregoing license set forth in this Section 3.1.1 shall bear royalties as set forth in Section 4.3.

3.1.2 Sublicensing. The license grant in Section 3.1.1 includes the right to grant and authorize sublicenses in multiple tiers; provided, that: (a) Novartis shall require that each sublicensee comply with all applicable provisions of this Agreement; (b) Novartis shall remain directly responsible for each sublicensee's performance in connection with this Agreement; and (c) Novartis shall, [*] such sublicensee.

3.1.3 [*]

(a) [*] agrees that, during the Term of the Agreement, [*] or [*] (including the [*]) with respect to [*]

(b) If [*] or [*] in connection with [*], and [*] will either (i) [*] provided, that [*] or [*] or (ii) [*] during [*] shall [*] set forth in subsection (a). [*]", as used in this subsection (b), means [*] or [*]

3.2 Rights Retained by the Parties. For purposes of clarity, each Party retains all rights under the Know-How and Patents Controlled by such Party not expressly granted to the other Party pursuant to this Agreement; further, XOMA retains a non-exclusive, non-transferable (other than in accordance with Section 11.3), non-sublicenseable limited right under the XOMA IP solely in order to perform its obligations under this Agreement for the benefit of Novartis. Novartis shall not, and shall not permit any of its Affiliates or sublicensees to, practice or use any of the XOMA Patents or XOMA Know-How outside of the scope of the license granted under Section 3.1.1.

3.3 Rights in Bankruptcy.

3.3.1 The Parties agree that this Agreement constitutes an executory contract under Section 365 of the United States Bankruptcy Code, 11 U.S.C. §§ 101 et seq. (the "Bankruptcy Code") for the license of "intellectual property" as defined under Section 101 of the Bankruptcy Code and constitutes a license of "intellectual property" for purposes of any similar laws in any other country in the Territory. The Parties further agree that Novartis, as licensee of such rights under this Agreement, will retain and may fully exercise all of its protections, rights and elections under the Bankruptcy Code, including, but not limited to, Section 365 (n) of the Bankruptcy Code, and any similar laws in any other country in the Territory.

3.3.2 All rights, powers and remedies of Novartis provided for in this Section 3.3 are in addition to and not in substitution for any and all other rights, powers and remedies now or hereafter existing at law or in equity (including under the Bankruptcy Code and any similar laws in any other country in the Territory). Novartis, in addition to the rights, power and remedies expressly provided herein, shall be entitled to exercise all other such rights and powers and resort to all other such remedies as may now or hereafter exist at law or in equity (including under the Bankruptcy Code). The Parties agree that they intend the following Novartis rights to extend to the maximum extent permitted by law, including for purposes of the Bankruptcy Code: (a) the right of access to any XOMA IP (including all embodiments thereof), or any Third Party with whom XOMA contracts to perform an obligation of XOMA under this Agreement which is necessary for the Development, registration, manufacture and/or Commercialization of Products in the Territory; (b) the right to contract directly with any Third Party described in (a) to complete the contracted work; and (c) the right to cure any breach of or default under any such agreement with a Third Party and set off or recoup the costs thereof against amounts payable to XOMA under this Agreement.

ARTICLE IV
FINANCIAL TERMS; REPAYMENT OF SERVIER LOAN

4.1 Upfront Consideration. In partial consideration for the licenses and other rights granted to Novartis hereunder, Novartis shall provide the following payments and other consideration to XOMA:

4.1.1 Upfront Payment and Servier Loan Repayment.

(a) Within five (5) Business Days following the Effective Date, Novartis shall, on behalf of XOMA, pay to Servier Twelve Million Twenty Two Thousand Four Hundred Fifty-One Euros (€12,022,451) plus Five Hundred Seventy-Six Euros (€576) for each day, beginning with the second (2nd) day after the Effective Date, such amount has not been paid to Servier (the "Servier Payoff Amount" and such payment, the "Servier Loan Repayment"), which XOMA represents and warrants to Novartis will be not less than the full amount of all outstanding Indebtedness under the Servier Loan as of the date of such payment. Promptly after receipt of Servier Lien Release, XOMA shall file the UCC Financing Statement Amendment attached to the Servier Payoff Letter terminating the Liens on XOMA intellectual property securing the Servier Loan (the "Servier Liens").

(b) Within five (5) Business Days after Servier Lien Release , Novartis shall pay to XOMA an amount equal to the Initial Payment minus the Servier Payoff Amount.

4.1.2 Novartis Loan Deferral. Promptly following the Servier Lien Release, Novartis shall cause Novartis Institutes for BioMedical Research, Inc. to amend the Novartis Note Agreement to amend and restate Section 2(e) thereof to read in its entirety as follows:

> "(e) Maturity Date. Unless earlier accelerated by the reason of the occurrence of an Event of Default (as provided in Section 5 below), any unpaid principal amount of any Loan owed by the Company to the Lender together with all accrued and unpaid interest thereon, shall be due and payable in full on September 30, 2022."

4.1.3 Equity Investment. Novartis shall make a Five Million Dollar (US$5,000,000) equity investment in XOMA Corporation on the terms and subject to the conditions set forth in the Stock Purchase Agreement.

4.2 Development and Regulatory Milestone Payments. In further consideration of the licenses granted to Novartis hereunder, upon achievement of each of the milestone events relating to the Development or Regulatory Approval of the Antibody or a Product, as applicable, set forth in the table immediately below (each, a "Development and Regulatory Milestone"), Novartis shall pay the corresponding [*] milestone payment (each, a "Development and Regulatory Milestone Payment") to XOMA as set forth in the following:

Milestone Number	Development and Regulatory Milestone	[*] Development and Regulatory Milestone Payment	[*] Development and Regulatory Milestone Payment
1	**[*]**	US$[*]	[*]
2	**[*]**	US$[*]	US$[*]
3	**[*]**	US$[*]	US$[*]
4	**[*]**	US$[*]	US$[*]
5	**[*]**	US$[*]	US$[*]

4.2.1 For clarity: (a) the aggregate of all Development and Regulatory Milestone Payments made under this Agreement shall not exceed [*] (b) [*] Development and Regulatory Milestone Payment shall be [*] for the [*]; (c) Development and Regulatory Milestones may be achieved [*] or [*] that [*] Development and Regulatory Milestone; (d) [*] refers to [*]); and (e) [*] and [*]

4.2.2 Within [*] following the achievement of a Development and Regulatory Milestone, Novartis shall send a notice of such achievement in writing to XOMA. Upon receipt of a notice of achievement of such Development and Regulatory Milestone, [*] with respect to the corresponding Development and Regulatory Milestone Payment. Novartis shall pay to XOMA such Development and Regulatory Milestone Payment within [*] after [*].

4.3 Product Royalties.

4.3.1 Product Royalties. On a Product-by-Product basis, Novartis shall pay royalties on the Net Sales of each Product in the Territory, in all Indications in the Field, at the following rates, during the Royalty Term:

Aggregate Net Sales of a Product in any Calendar Year in the Territory during the Royalty Term	**Royalty Rate**
Portion of Net Sales of such Product up to US$[*]	[*]%
Portion of Net Sales of such Product above US$[*] and up to and including US[*]	[*]%
Portion of Net Sales of such Product above US$[*] and up to and including US$[*]	[*]%
Portion of Net Sales of such Product above US$[*] and up to and including US$[*]	[*]%
Portion of Net Sales of such Product above US$[*]	[*]%

4.3.2 Royalty Term and Adjustments.

(a) Novartis' royalty obligations to XOMA under this Section 4.3 shall commence on a Product-by-Product and country-by-country basis on the date of First Commercial Sale of such Product by Novartis, its Affiliates or sublicensees to a Third Party in the relevant country where such Product is Covered by a Valid XOMA Claim and shall expire on a Product-by-Product and country-by-country basis upon the later of the following (the "Royalty Term"), as applicable:

(i) the expiration in such country of the last-to-expire Valid XOMA Claim, where the sale of the applicable Product in the applicable country would infringe such Valid XOMA Claim but for the license granted to Novartis under the Agreement; and

(ii) ten (10) years after First Commercial Sale of such Product in the relevant country in the Territory.

(b) Notwithstanding anything in this Agreement to the contrary, and [*] provided for under this Agreement, for sales of a Product in countries [*] and [*] Further, upon the expiration of the Royalty Term for a Product in a country in the Territory, the licenses granted to Novartis under this Agreement with respect to such Product in such country shall become fully paid-up, royalty free licenses, which shall continue even after the expiration or termination of this Agreement.

(c) If an event of [*] for a Product in any country has occurred, then so long as either (i) [*] such Product in such country, or (ii) [*] such Product in such country, then the royalty rate applicable to Net Sales of such Product in such country in accordance with in Section 4.3.1 shall be [*]

(d) Notwithstanding anything to the contrary in this Agreement subject to Section 2.5.2(c), [*] responsible for the payment of [*] and other payment obligations, if any, [*] in connection with (i) any [*] which [*] and [*], or (ii) which relate to [*] relating to any [*], (collectively, the [*]"). All such payments in respect of [*] shall be made promptly [*] in accordance with [*] (collectively, [*] after each such payment has been made. Without limiting [*] hereunder, in the event that [*] and [*] and [*]

(e) In the event that [*] or [*] or (ii) [*] with respect to [*] (including [*] by [*]; provided, that to the extent (if at all) [*] provides [*] having [*] under this Agreement, the [*] hereunder shall be [*] as reasonably [*] under this Agreement.

(f) In the event that Novartis [*] or [*] in connection with the [*] under this Agreement, [*] or otherwise and [*] with respect [*] (including [*]) [*] provided, that to the extent (if at all) [*] having [*] under this Agreement, [*] hereunder shall be [*] under this Agreement.

(g) Subject to, and without prejudice to[*], in no event shall [*] such that the royalty payments due to XOMA from Novartis under Section 4.3 [*] with respect to a particular Product in a particular country [*] shall be carried forward and Novartis may [*] royalty payment amounts due to XOMA [*] that [*], provided further that [*] for such Product in such country, [*] with respect to any such [*] any [*] hereunder.

4.4 Reports; Royalty Payments.

4.4.1 Until the expiration of Novartis' royalty payment obligations under this ARTICLE IV, Novartis agrees to make written reports to XOMA [*] after the end of each Calendar Quarter covering sales of Product on a country-by-country basis in the Territory by Novartis, its Affiliates and sublicensees during such Calendar Quarter.

4.4.2 Each such written report ("Sales & Royalty Report") shall, with respect to each country, provide:

(a) number of units sold for the Products;

(b) the Net Sales for the Products; and

(c) the calculation of the royalty payment due on such Net Sales in the Territory pursuant to this ARTICLE IV .

4.4.3 Following receipt of each such Sales & Royalty Report, [*] Novartis shall make the royalty payment due to be paid to XOMA under ARTICLE IV for the Calendar Quarter covered by such report.

4.5 Sales Milestone Payment. In addition to the payments referenced in Sections 4.1 through 4.4 above, Novartis shall pay XOMA the following one-time sales milestone payments following the first respective Calendar Quarter in which the total Net Sales of all Products in the Territory first reach or exceed the thresholds specified in the table below for the Calendar Year in which such Calendar Quarter occurs. Following XOMA's receipt of a Sales & Royalty Report for a Calendar Quarter of a Calendar Year, if a sales milestone payment has been achieved, [*] Novartis shall pay XOMA the associated milestone payment within [*]. In the interest of clarity, (a) [*], and no previous sales milestone had been achieved under this Section 4.5, then [*], and all [*] (b) each [*] and (c) [*]

Sales Milestone	Associated Milestone Payment
Annual Net Sales first reach US$[*]	US$[*]
Annual Net Sales first reach US$[*]	US$[*]
Annual Net Sales first reach US$[*]	US$[*]
Annual Net Sales first reach US$[*]	US$[*]

4.6 Methods of Payments. All payments due from Novartis to XOMA under this Agreement shall be paid in Dollars by Novartis via wire transfer to a bank designated in writing in advance by XOMA. Any payment which falls due on a date which is not a Business Day in the location from which the payment will be made may be made on the next succeeding Business Day in such location.

4.7 Accounting.

4.7.1 Novartis shall keep complete, true and accurate books and records in accordance with its Accounting Standards in relation to this Agreement, including in relation to Net Sales and royalties. Novartis shall keep such books and records for at least [*] following the Calendar Quarter to which they pertain.

4.7.2 XOMA may, upon written notice to Novartis, appoint an internationally-recognized independent accounting firm (which firm is reasonably acceptable to Novartis, such acceptance not to be unreasonably delayed or conditioned) (the "Auditor") to inspect the relevant reports, statements, records or books of accounts (as applicable) of Novartis and/or its Affiliates to verify the accuracy of any Sales & Royalty Report. Before beginning its audit, the Auditor shall execute an undertaking reasonably acceptable to Novartis on customary terms by which the Auditor shall keep confidential all information reviewed during such audit. The Auditor shall have the right to disclose to XOMA its conclusions regarding any payments owed under this Agreement.

4.7.3 Novartis and its Affiliates shall make their records available for inspection by such Auditor during regular business hours at such place or places where such records are customarily kept, upon receipt of reasonable advance notice from XOMA. The records shall be reviewed solely to verify the accuracy of the Sales & Royalty Reports. [*]. In addition, XOMA shall only be entitled to audit the relevant books and records of Novartis relating to a Sales & Royalty Report for a period of [*] after receipt of the applicable Sales & Royalty Report. XOMA agrees to hold in strict confidence all information received and all information learned in the course of any audit or inspection, except to the extent necessary to enforce its rights under this Agreement or if disclosure is required by Law, regulation or judicial order.

4.7.4 The Auditor shall provide its audit report and basis for any determination to Novartis at the time such report is provided to XOMA, before it is considered final. Novartis shall have the right to request a further determination by such Auditor as to matters which Novartis disputes within [*] following receipt of such report. Novartis will provide XOMA and the Auditor with a reasonably detailed statement of the grounds upon which it disputes any findings in the audit report and the Auditor shall undertake to complete such further determination within [*] after the dispute notice is provided, which determination shall be limited to the disputed matters. Any matter that remains unresolved shall be resolved in accordance with the dispute resolution procedures contained in Section 11.1 .

4.7.5 In the event that the final result of the inspection reveals an undisputed underpayment or overpayment by Novartis, the underpaid or overpaid amount shall be settled promptly.

4.7.6 XOMA shall pay for such audits, as well as its own expenses associated with enforcing its rights with respect to any payments hereunder, except that in the event there is any upward adjustment in aggregate amounts payable for any year shown by such audit of more than [*] of the amount paid, Novartis shall pay for such audit.

4.8 Currency . All payments under this Agreement shall be payable in U.S. Dollars. When conversion of payments from any foreign currency is required to be undertaken by Novartis, the U.S. Dollar equivalent shall be calculated using Novartis' then-current standard exchange rate methodology as applied in its external reporting.

4.9 Late Payments. Any undisputed amount owed by Novartis to XOMA under this Agreement that is not paid on or before [*] the date such payment is due shall bear interest at a rate per annum equal to the lesser of (a) the thirty (30)-day United States Dollar LIBOR rate in effect on the date that payment was due, as published by The Financial Times after such payment is due, plus [*], or (b) the highest rate permitted by applicable Law, in either case calculated on the number of days such payments are paid after such payments are due and compounded monthly; provided, that the foregoing shall not accrue on undisputed amounts that were paid after the due date as a result of mistaken XOMA actions (e.g., if a payment is late as a result of XOMA providing an incorrect account for receipt of payment).

4.10 Taxes.

4.10.1 Except as otherwise provided in this Section 4.10, each Party shall be responsible for any tax obligations of its own due to this Agreement, including income tax and capital gains tax, and neither Party shall have any obligation towards the other Party in the event that the other Party fails to fully comply with its tax obligations.

4.10.2 All transfer, VAT, GST, documentary, sales, use, stamp, registration and other such taxes, and any conveyance fees, recording charges and other fees and charges (including any penalties and interest) incurred in connection with consummation of the transactions contemplated hereby, if any, [*]. Novartis shall prepare and timely file all tax returns required to be filed in respect of any such taxes. The Parties shall reasonably cooperate in accordance with applicable Laws to minimize any such transfer taxes payable in connection with this Agreement.

4.10.3 Subject to Section 4.10.4, if any taxes are required to be withheld by Novartis, Novartis will: (a) deduct such taxes from the payment made to XOMA; (b) timely pay the taxes to the proper taxing authority; (c) promptly send proof of payment to XOMA; and (d) reasonably assist XOMA in its efforts to obtain a credit for such tax payment. Each Party agrees to reasonably assist the other Party in lawfully claiming exemptions from and/or minimizing such deductions or withholdings under double taxation Laws or similar circumstances.

4.10.4 Notwithstanding anything to the contrary in this Agreement, if Novartis assigns or transfers some or all of its rights and obligations to any Person and if, as a result of such action, the withholding or deduction of tax required by applicable Law with respect to payments under this Agreement is increased, then any amount payable under this Agreement shall be increased to take into account such withheld taxes as may be necessary so that, after making all required withholdings (including withholdings on the withheld amounts), XOMA receives an amount equal to the sum it would have received had no such increased withholding been made.

4.10.5 For all tax purposes, both Parties agree to report the transactions contemplated by this Agreement in a manner consistent with its terms and to not take any position inconsistent therewith in any tax return, refund claim, litigation, or otherwise.

4.11 No Guarantee. XOMA and Novartis acknowledge and agree that nothing in this Agreement shall be construed as representing an estimate or projection of anticipated sales of any Product, and that the milestones and Net Sales levels set forth in this Agreement or that have otherwise been discussed by the Parties are merely intended to define the milestone payments and royalty obligations to XOMA in the event such milestones or Net Sales levels are achieved. Neither Party provides any representation, warranty or guarantee that the Development of any Product will be successful, that Regulatory Approval for any Product will be obtained, or that any other particular results will be achieved with respect to the Commercialization of any Product hereunder.

4.12 Costs. In addition to the specific costs to be assumed by each of XOMA and Novartis as described herein, each Party will be responsible for all costs that it incurs in exercising its rights and meeting its obligations under this Agreement, except as expressly set forth otherwise in this Agreement.

4.13 Set-Off. If an Event of Default shall have occurred and be continuing, and all amounts thereunder have become due and payable in accordance with Section 5(b) of the Novartis Note Agreement, Novartis may elect to deduct from any upfront fees, milestone payments and royalty payments to be made by it to XOMA under this Agreement and pay to the Lender any amounts then due and payable by XOMA to the Lender under the Novartis Note Agreement. Any such election shall be confirmed by prompt written notice to XOMA delivered in accordance with Section 11.6, which notice shall describe (a) the Event of Default that has occurred and is continuing and (b) provide an accounting for any and all amounts being deducted. Capitalized terms used in this Section 4.13 but not defined in this Agreement shall have the meanings given thereto in the Novartis Note Agreement.

ARTICLE V
OWNERSHIP OF INTELLECTUAL PROPERTY RIGHTS

5.1 Ownership.

5.1.1 Pre-Existing Patents and Know-How. XOMA shall retain all of its right, title and interest in, to and under the XOMA IP, and Novartis shall retain all of its rights, title and interest in, to and under the Patents and Know-How Controlled by it, except in each case to the extent that any such rights or licenses are expressly granted by one Party to the other Party under this Agreement.

5.1.2 Intellectual Property Arising Under This Agreement. Novartis shall own all data, Patents and Know-How generated, discovered, developed, invented, conceived or reduced to practice by or on behalf of itself, its sublicensees, XOMA, or Affiliates of the Parties, whether solely by any such party or jointly by one (1) or more such parties, in connection with the Development and/or Commercialization of the Antibody and Products under this Agreement, and all intellectual property rights therein (collectively, all such data, Patents and Know-How, the "Future IP", and all Patents included in or claiming priority to the foregoing set forth in this Section 5.1.2, the "Novartis Patents"). All Regulatory Approvals for the Antibody and Products hereunder shall be made in the name of and owned by Novartis or its Affiliates or sublicensees.

5.1.3 Invention Assignment Agreements .

(a) XOMA hereby covenants to Novartis that all contractors and employees of XOMA and its Affiliates and licensees will be under the obligation to either (i) assign all right, title and interest in and to any Novartis Patents and their inventions and discoveries relating thereto, whether or not patentable, to XOMA as the sole owner thereof; or (ii) obtain a license under such Patents that are developed by such contractors or sublicensees in the performance of its obligations under such agreement that relates to the Antibody or Product.

(b) Novartis hereby covenants to XOMA that all contractors and employees of Novartis and its Affiliates and sublicensees will be under the obligation to either (i) assign all right, title and interest in and to any Novartis Patents and their inventions and discoveries relating thereto, whether or not patentable, to Novartis as the sole owner thereof; or (ii) obtain a license under such Patents that are developed by such contractors or sublicensees in the performance of its obligations under such agreement that relates to the Antibody or Product.

5.2 Prosecution and Maintenance of Patents.

5.2.1 General . [*] shall keep [*] informed as to material developments with respect to the Prosecution and Maintenance of such Patents, including by timely providing copies of all substantive office actions or any other substantive documents that [*] receives from or submits to any patent office, including notice of all interferences, reissues, re-examinations, oppositions or, subject to Section 5.6, requests for patent term extensions and providing [*] a reasonable opportunity to review and comment on all substantive filings and communications with any patent agency regarding any [*] Patent. [*] shall not unreasonably reject the requests and suggestions of [*] with respect to such drafts and with respect to strategies for filing and prosecuting such Patents in the Territory with the goal of maximizing the exclusive period for the Antibody and Products and any other antibodies that are subject to an exclusive license from [*] or its Affiliates to [*] or its Affiliates.

5.2.2 Filing Decision or Prosecution Lapse. If, during the Term, [*], in exercising its obligations and rights pursuant to Section 5.2.1 to Prosecute and Maintain a [*] Patent in any country, decides not to file such Patent or intends to allow such Patent to lapse or become abandoned without having first filed a substitute Patent, [*] shall notify in writing and consult with [*] regarding such decision or intention at least [*] prior to the date upon which the subject matter of such Patent shall become unpatentable or such Patent shall lapse or become abandoned, and [*] shall thereupon have the right (but not the obligation) to assume the Prosecution and Maintenance thereof at its own expense with counsel of its own choice. If [*] wishes to assume Prosecution and Maintenance of such Patent, [*] shall (a) [*]; (b) promptly provide [*] with the appropriate documents for [*] of such Patent in such country; and (c) cooperate and otherwise execute all such documents and instruments at the [*] cost and expense, necessary to [*] such Patent in the name of [*] or its designee.

5.3 Patent Costs. [*] shall be responsible for all costs and expenses associated with its Prosecution and Maintenance activities of [*] Patents under Section 5.2; provided, however, that [*] shall be responsible for all costs and expenses associated with its Prosecution and Maintenance activities of those [*]

5.4 Defense of Claims Brought by Third Parties. If a Party becomes aware of any claim that the Development or Commercialization of the Antibody or Product in or for the Territory infringes or misappropriates the intellectual property rights of any Third Party, such Party shall promptly notify the other Party. In any such instance, the Parties shall as soon as practicable thereafter discuss in good faith regarding the best response to such notice, subject to ARTICLE VIII, and [*] shall have the sole right (but not the obligation) to defend such claim, [*] (subject to any other provision of this Agreement [*] for the underlying infringement or misappropriation, [*]).

5.5 Enforcement. Each Party shall promptly notify the other Party in writing if it reasonably believes that any [*] is infringed or misappropriated by a Third Party with respect to the manufacture, sale, offer for sale, use or importation of the Antibody or Product in the Territory (collectively, "Competing Infringing Activities"). [*] shall have the sole right, but not the obligation, to enforce [*] with respect to Competing Infringing Activity, or to defend any declaratory judgment action with respect thereto; provided, however, that [*] shall not settle any such enforcement action in any manner that would: (a) require any payment or admission of legal wrongdoing by [*]; or (b) narrow the scope of or have an adverse effect on the enforceability of any [*], in each case without the prior written consent of [*], which consent shall not be unreasonably withheld, delayed or conditioned. [*] shall keep [*] reasonably informed of the progress of any such action, and [*] shall reasonably cooperate with and assist [*] in such litigation as requested by [*], including providing information and materials, at [*] request and expense, and joining as a plaintiff to any action taken by [*] to enforce [*] Patents in the Field in the Territory. For clarity, [*]

5.6 Patent Term Extensions.

5.6.1 Novartis shall be responsible for determining the strategy for applying for the extension of the term of any XOMA Patents with respect to the Antibody, such as under the "U.S. Drug Price Competition and Patent Term Restoration Act of 1984" (the "Act"), the Supplementary Certificate of Protection of the Member States of the European Union and other similar measures in any other country. If requested by Novartis, and at Novartis' cost, XOMA shall apply for and use its reasonable efforts to obtain such an extension or, should the Law permit or require Novartis (or one (1) of its respective Affiliates, subcontractors or sublicensees hereunder) to so apply, XOMA hereby gives permission to Novartis to do so (in which case XOMA agrees to cooperate with Novartis in the exercise of such authorization and shall execute such documents and take such additional action as Novartis may reasonably request in connection therewith). Novartis and XOMA agree to cooperate with one another in obtaining any patent extension hereunder as directed by Novartis, and [*].

5.6.2 Novartis shall be responsible for determining the strategy with respect to certifications, notices and patent enforcement procedures regarding XOMA Patents Covering the Antibody or Products under the Act and the Biologics Price Competition and Innovation Act of 2009 (the "BPCIA"). XOMA shall cooperate, as reasonably requested by Novartis, in a manner consistent with this Section 5.6. XOMA hereby authorizes Novartis to: (a) provide in any BLA or in connection with the BPCIA, a list of XOMA Patents as required under the BPCIA; (b) except as otherwise expressly provided in this Agreement, exercise any rights exercisable by Novartis as Patent owner under the Act or the BPCIA; and (c) exercise any rights that may be exercisable by Novartis as reference product sponsor under the BPCIA, including (1) engaging in the Patent resolution provisions of the BPCIA with regard to XOMA Patents Covering the Antibody or Products; and (2) determining which Patents will be the subject of immediate Patent infringement action under § 351(l)(6) of the BPCIA; provided, that with respect to Novartis' exercise of rights under the BPCIA, Novartis shall consult with a representative of XOMA designated by XOMA in writing and qualified to receive confidential information pursuant to § 365(l) of the BPCIA with respect to Novartis' exercise of any rights exercisable as reference product sponsor, including providing such representative with timely copies of material

correspondence relating to such matters, providing such representative the opportunity, reasonably in advance of any related Novartis action, to comment thereon and to consult with and consider in good faith the requests and suggestions of XOMA with respect to such matters.

5.7 Recovery. Any recovery received as a result of any action under Section 5.4 or 5.5 shall be used first to reimburse the Parties for the costs and expenses (including attorneys' and professional fees) incurred in connection with such action (and not previously reimbursed), and the remainder of the recovery shall be [*]; provided, that any such remaining portion of recoveries [*] (including [*] included in such recoveries) shall be [*].

5.8 Trademarks. Novartis shall have the right to brand the Products using Novartis related trademarks and any other trademarks and trade names it determines appropriate for the Product, which may vary by country or within a country ("Product Marks"). Novartis shall own all rights in the Product Marks and register and maintain the Product Marks in the countries and regions it determines reasonably necessary. XOMA shall assign and hereby assigns any trademarks owned or Controlled by XOMA at the Effective Date that are related to the Antibody or the Products (but for clarity, not including the name "XOMA" or any other corporate name not specific to the Antibody or any Product) to Novartis, including all goodwill therein. XOMA agrees to execute any further documents as may be requested by Novartis to effectuate or confirm such assignment.

ARTICLE VI
CONFIDENTIALITY

6.1 Confidentiality; Exceptions. Except to the extent expressly authorized by this Agreement or otherwise agreed in writing, the Parties agree that a Party and its Affiliates and representatives (the "Receiving Party") shall keep confidential and shall not publish or otherwise disclose or use for any purpose other than as provided for in this Agreement any Know-How or other confidential and proprietary information and materials, patentable or otherwise, in any form (written, oral, photographic, electronic, magnetic, or otherwise) which is disclosed to it by the other Party or its Affiliates or representatives (the "Disclosing Party"), including trade secrets, Know-How, inventions or discoveries, proprietary information, formulae, processes, techniques and information relating to a Party's past, present and future marketing, financial and Development activities of any product or potential product or useful technology of the Disclosing Party and the pricing thereof (collectively, "Confidential Information"), except to the extent that it can be established by the Receiving Party that such Confidential Information:

(a) was in the lawful knowledge and possession of the Receiving Party prior to the time it was disclosed to the Receiving Party, as evidenced by written records kept in the ordinary course of business, or other documentary proof of actual use by the Receiving Party;

(b) was otherwise developed independently by the Receiving Party without use of or reference to the Disclosing Party's Confidential Information, as evidenced by written records kept in the ordinary course of business, or other documentary proof of actual use by the Receiving Party;

(c) was generally available to the public or otherwise part of the public domain at the time of its disclosure to the Receiving Party;

(d) became generally available to the public or otherwise part of the public domain after its disclosure to the Receiving Party hereunder other than through any act or omission of the Receiving Party in breach of this Agreement; or

(e) was disclosed to the Receiving Party, other than under an obligation of confidentiality, by a Third Party who had no obligation to the Disclosing Party not to disclose such information to others.

All XOMA Know-How that is specific to the Development and/or manufacture of the Antibody and the XOMA Regulatory Materials shall be considered Confidential Information of both XOMA and Novartis (it being understood that both XOMA and Novartis will be deemed to be the Disclosing Party with respect thereto and the exceptions in Sections 6.1(a) and (e) shall not apply to XOMA with respect to such XOMA Know-How and the XOMA Regulatory Materials). Subject to and without prejudice to the foregoing, any Confidential Information disclosed by either Party (or their Affiliates) prior to the Effective Date pursuant to the Confidentiality Agreement between Novartis International AG and XOMA, dated July 6, 2017 (the "Existing Confidentiality Agreement") shall be Confidential Information of such Party for all purposes under this Agreement, it being understood and agreed that this Agreement supersedes and replaces the Existing Confidentiality Agreement with respect to such Confidential Information and the rights and obligations of the Parties with respect thereto.

6.2 Authorized Disclosure. Except as expressly provided otherwise in this Agreement, a Receiving Party may use and disclose Confidential Information of the Disclosing Party as follows:

(a) under appropriate confidentiality provisions at least as protective of such Confidential Information as those in this Agreement, as reasonably necessary for performance of its obligations or exercise of rights granted in this Agreement (including the rights to Develop and Commercialize the Antibody and Products) including in filing or prosecuting patent applications in accordance with Section 5.2, prosecuting or defending litigation, complying with applicable Law (subject to clause (b) below), seeking and obtaining Regulatory Approval, conducting non-clinical activities or clinical trials, preparing and submitting INDs to Regulatory Authorities, and marketing Products, in each case in accordance with this Agreement;

(b) to the extent disclosure is required by Law; provided, that if a Receiving Party is required by Law to make any such disclosure of a Disclosing Party's Confidential Information it will, where legally permitted and practicable, give reasonable advance notice to the Disclosing Party of such disclosure requirement, afford the Disclosing Party an opportunity to secure, and, if requested by the Disclosing Party, reasonably cooperate with the Disclosing Party to, secure confidential treatment of such Confidential Information required to be disclosed, and disclose only that portion of the Confidential Information that the Receiving Party is legally required to disclose as advised by the Receiving Party's legal counsel;

(c) in communication with actual or potential investors, lenders, acquirers, merger partners, consultants, professional advisors, collaborators, donors, or funding sources as reasonably necessary, and (with respect to XOMA) with its licensors as necessary to satisfy its reporting obligations with respect to the Antibody or Product, in each case under appropriate confidentiality provisions substantially equivalent to those of this Agreement; or

(d) to the extent mutually agreed to in writing by the Parties.

6.3 Disclosure of Agreement.

6.3.1 Disclosure of Agreement Terms.

(a) Except to the extent required by Law or any securities exchange or governmental authority or any tax authority to which any Party is subject or submits or as otherwise permitted in accordance with this Section 6.3, neither Party nor its Affiliates shall make any public announcements concerning the terms of this Agreement or the transactions contemplated hereby or otherwise disclose the terms of this Agreement or the transactions contemplated hereby to any Third Party without the prior written consent of the other, which shall not be unreasonably withheld, conditioned or delayed. Each Party agrees to provide to the other Party a copy of any public announcement regarding this Agreement or the subject matter hereof, as practicable under the circumstances, reasonably prior to its scheduled release. Each Party shall have the right to expeditiously review and recommend changes to any such announcement by the other Party or its Affiliates, and, except as otherwise required by securities exchange listing requirements or applicable Law, approve such announcement, and the Party whose announcement has been reviewed shall remove any Confidential Information of the reviewing Party.

(b) Notwithstanding the foregoing, to the extent information regarding this Agreement has already been publicly disclosed, either Party may subsequently disclose the same information to the public without the consent of the other Party. Each Party shall also be permitted to disclose the terms of this Agreement, in each case on a need to know basis under appropriate confidentiality provisions substantially equivalent to those of this Agreement, to its actual or potential investors, lenders, acquirers, merger partners, consultants, professional advisors, donors, or funding sources. Novartis may, in the ordinary course of business, without XOMA's consent, inform its customers, suppliers and business contacts that Novartis has obtained the right under this Agreement to sell Products in the Territory.

(c) Each Party shall give the other Party a reasonable opportunity to review those portions of all filings with the United States Securities and Exchange Commission (or any stock exchange, including Nasdaq, or any similar regulatory agency in any country other than the U.S.) describing the terms of this Agreement (including any filings of this Agreement) prior to submission of such filings, and shall give due consideration to any reasonable comments by the non-filing Party relating to such filing, including the provisions of this Agreement for which confidential treatment should be sought.

6.4 Remedies. Each Party shall be entitled to seek, in addition to any other right or remedy it may have, at Law or in equity, a temporary injunction or other injunctive relief, without the posting of any bond or other security, enjoining or restraining the other Party from any violation or threatened violation of this ARTICLE VI.

6.5 Publications. XOMA shall not make any public disclosure (whether written, electronic, oral or otherwise) relating to the Antibody or Product without the prior written consent of Novartis; provided, that the foregoing shall not apply to information which is in the public domain or any public disclosure required by Law or governmental regulation or by the rules of any recognized stock exchange. For the avoidance of doubt, Novartis, any of its Affiliates or sublicensees may, without any required consents from XOMA, (a) issue press releases, disclosures, and other public statements as it deems appropriate in connection with the Development and Commercialization of the Antibody or Products under or in connection with this Agreement, and (b) publish or have published information about clinical trials related to the Antibody or Products, including the results of such clinical trials; provided, however, if Novartis plans to issue a press release that in its judgment contains material adverse information regarding this Agreement in its entirety or the Antibody or Product under this Agreement, then Novartis shall use commercially reasonable efforts to provide XOMA with reasonable prior notice of such press release.

6.6 Clinical Trial Register. Each Party agrees that each clinical study and each nonclinical study with respect to the Antibody or Product that is required to be posted pursuant to applicable Law or applicable industry codes, including the PhRMA Code or the equivalent industry code of practice, on clinicaltrials.gov or any other similar registry shall be so posted. Unless otherwise agreed upon by the Parties (and as permitted by applicable Law or applicable industry codes), Novartis shall be responsible for such posting for the Antibody and Products.

ARTICLE VII
REPRESENTATIONS; WARRANTIES; COVENANTS

7.1 Representations and Warranties of Both Parties. Each Party hereby represents and warrants to the other Party, as of the Effective Date, that:

(a) Such Party is duly organized, validly existing and in good standing under the Laws of the jurisdiction of its organization and has full corporate power and authority to enter into this Agreement and to carry out the provisions hereof;

(b) Such Party has taken all necessary action on its part to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder;

(c) This Agreement has been duly executed and delivered on behalf of such Party, and constitutes a legal, valid, binding obligation, enforceable against it in accordance with the terms hereof;

(d) The execution, delivery and performance of this Agreement by such Party does not conflict with any agreement or any provision thereof, or any instrument or understanding, oral or written, to which it or its Affiliates is a party or by which it or its Affiliates are bound, nor violate any Law or regulation of any court, governmental body or administrative or other agency having jurisdiction over such Party or its Affiliates;

(e) No government authorization, consent, approval, license, exemption of or filing or registration with any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, under any applicable Laws currently in effect, is or will be necessary for, or in connection with, the transaction contemplated by this Agreement or any other agreement or instrument executed in connection herewith, or for the performance by it of its obligations under this Agreement and such other agreements except as may be required to conduct clinical trials or to seek or obtain Regulatory Approvals of the Products or patent term extensions; and

(f) It is not debarred or excluded from reimbursement by the FDA (or subject to a similar sanction of EMA or any other Regulatory Authority) or subject of an FDA debarment or exclusion investigation or proceeding (or similar proceeding of EMA or other Regulatory Authority). To its knowledge, it has not (i) employed and has not used a contractor or consultant that has employed, any individual or entity debarred or excluded from reimbursement by the FDA (or subject to a similar sanction of EMA or any other Regulatory Authority), or (ii) employed any individual who or entity that is the subject of an FDA debarment or exclusion investigation or proceeding (or similar proceeding of EMA or other Regulatory Authority), in each case in the conduct of any Development of Products.

7.2 Representations and Warranties of XOMA. XOMA hereby represents and warrants to Novartis (except as set forth in the schedules of disclosures attached hereto as **SCHEDULE 1**) as of the Effective Date that:

(a) [*] which have been [*] and [*] which [*]

(b) The Patents listed in **EXHIBIT A** comprise a complete and accurate list of all Patents Controlled by XOMA [*]

(c) XOMA has the right to use and disclose and to enable Novartis to use and disclose (in each case under conditions of confidentiality consistent with Section 6.2) the XOMA Know-How and XOMA Regulatory Materials, and XOMA has the right to grant all rights and licenses it purports to grant to Novartis with respect to the XOMA IP, the XOMA Regulatory Materials and the Antibody and Products under this Agreement, free and clear of all Liens, other than Liens securing the Servier Loan, which will be released in accordance with the Servier Payoff Letter;

(d) Neither XOMA nor any Affiliate has granted any right or license to any Third Party that conflicts or interferes with or limits the scope of any of the rights or licenses granted to Novartis hereunder;

(e) (i) Neither XOMA nor its Affiliates has received any written notice of any claim that any Patent or Know-How owned or Controlled by a Third Party would be or is infringed or misappropriated by the manufacture, use, sale, offer for sale or importation of the Antibody or Products in the form that they exist; and (ii) to the knowledge of XOMA, the manufacture, use, sale, offer for sale or importation of the Antibody and Products in the form that they exist and without combination with any other product would not and does not infringe or misappropriate any Patent or Know-How owned or Controlled by a Third Party;

(f) To the knowledge of XOMA, the issued Patents in the XOMA Patents are valid and enforceable without any claims, challenges, oppositions, nullity actions, interferences, inter-partes reexaminations, AIA Proceedings, derivation proceedings, or other proceedings pending or threatened and XOMA has filed and prosecuted patent applications within the XOMA Patents in good faith and complied with all duties of disclosure with respect thereto;

(g) To the knowledge of XOMA, neither XOMA nor any Affiliate has committed any act, or omitted to commit any act, that may cause the XOMA Patents to expire prematurely or be declared invalid or unenforceable;

(h) There are no Patents or Know-How Controlled by XOMA or its Affiliates that, to XOMA's knowledge, are necessary for the Development or Commercialization of the Antibody and Products as contemplated hereunder, other than the XOMA IP licensed to Novartis hereunder;

(i) (A) Other than the contracts set forth in **EXHIBIT D and SCHEDULE 1** and, in each case, designated as responsive to Section 7.2(i), there are no contracts or other agreements between XOMA (or its Affiliate) and any Third Parties that relate to the Development or Commercialization of the Antibody or Products as contemplated hereunder, and (B) such contracts are in full force and effect, and XOMA has not received or provided any notice of breach or termination with respect to any such contract;

(j) Neither XOMA nor any Affiliate has, nor to its knowledge, has any Third Party acting under authority of XOMA, [*] with respect to the Antibody or Product, or [*] with respect to the Antibody and Products and [*]. All [*] compliance with all applicable Law, including, if and as applicable, cGMP, cGCP and cGLP, and all Regulatory Materials submitted to any Regulatory Authority [*]

(k) To XOMA's knowledge, [*] concerning the Antibody or Products or active pharmaceutical ingredients therein [*] and [*]

(l) Neither XOMA nor any Affiliate has entered into a government funding relationship that would result in rights to the Antibody or Product residing in the U.S. Government, National Institutes of Health, National Institute for Drug Abuse or other agency, and the licenses granted hereunder are not subject to overriding obligations to the U.S. Government as set forth in Public Law 96 517 (35 U.S.C. 200 204), as amended, or any similar obligations under the Laws of any other country;

(m) Attached as **EXHIBIT C** is a detailed list of, to XOMA's knowledge, any and all quantities and forms of the Antibody, Products, and all cell banks, bioassay materials, cell lines, sequences and constructs for the expression and production of such Antibody, and all related documentation including certificates of analysis, batch records, testing records and other documentation which is necessary or useful for Novartis to use any of the foregoing as intended hereunder (collectively, the "Inventory") existing as of the Effective Date and owned by XOMA, whether in XOMA's possession or in the possession of Third Parties based on XOMA's good faith efforts to identify the Inventory as of the Effective Date. Promptly following the Effective Date, XOMA shall provide Novartis with an updated **EXHIBIT C** to disclose additional Inventory that has been identified by XOMA. To the extent that, following the provision of such updated **EXHIBIT C**, XOMA discovers any omissions with respect to **EXHIBIT C**, XOMA shall promptly provide Novartis with an updated **EXHIBIT C**, and XOMA shall not be deemed to be in breach of this subsection (m) if such update pertains to additional materials being added to **EXHIBIT C** or removal of not significant quantities of previously listed materials, and in each case such update is provided to Novartis within sixty (60) days of the Effective Date (and in any event within thirty (30) days of such discovery); and

(n) XOMA has disclosed to Novartis and provided [*]

7.3 Covenants of XOMA. XOMA hereby covenants to Novartis that:

(a) Except with Novartis' prior written consent (which shall not be unreasonably withheld, delayed or conditioned), XOMA will maintain all XOMA Third Party Agreements, other than the Servier Loan Agreement, set forth on **EXHIBIT D** , in full force and effect during the Term, and will not (i) terminate any XOMA Third Party Agreement, nor (ii) amend any XOMA Third Party Agreement, in each case in any manner that adversely effects the rights of Novartis under this Agreement;

(b) XOMA shall provide Novartis an updated **EXHIBIT A** from time to time upon Novartis' reasonable request, but no more than [*]

(c) XOMA will not grant during the Term, any right or license to any Third Party that conflicts or interferes with or limits the scope of any of the rights or licenses granted to Novartis hereunder;

(d) XOMA will not amend any of the agreements evidencing the Servier Loan except (i) in connection with and solely in order to achieve Servier Loan Repayment and Servier Lien Release and (ii) in any manner that would increase Novartis' obligations or affect Novartis' rights under this Agreement; and

(e) XOMA and its Affiliates', sublicensees' and representatives' performance in connection with this Agreement shall comply with all applicable Laws.

7.4 Covenant of Novartis. Novartis hereby covenants to XOMA that its and its Affiliates', sublicensees' and representatives' performance in connection with this Agreement shall comply with all applicable Laws.

7.5 [*] . Upon the terms and subject to the conditions set forth in this Agreement, and as it relates to any inquiry and/or investigation conducted under the Antitrust Laws by a governmental entity in connection with the transactions contemplated under this Agreement or any transaction relating to intellectual property licensed under this Agreement, each of the Parties shall (and shall cause their applicable Affiliates to) use its respective [*] to (i) consult and cooperate with the other Party and consider in good faith the views of the other Party in connection with all substantive communications, including any analyses, appearances, presentations, memoranda, briefs, arguments, opinions and proposals, undertaking or agreements made or submitted; (ii) provide the other Party with a reasonable advance opportunity to review and comment upon all written communications to any governmental entity; (iii) keep the other Party informed promptly in all respects of any communication received by such Party from, or given by such Party to, any governmental entity and of any communication received or given in connection with any proceeding by a private party, in each case, including providing a copy of any written communication and informing the other Party of the substance of any oral communication; and (iv) except as may be prohibited by any governmental entity or by any applicable Law, each Party hereto will provide reasonable advance notice to the other of and permit authorized representatives of the other Party to be present at each meeting or telephone conference with any government entity; *provided, however*, and notwithstanding anything in this Agreement to the contrary, that Novartis shall control and lead communications with any governmental entity regarding the transactions contemplated under this Agreement or any transaction relating to intellectual property licensed under this Agreement, and determine all strategy in connection with responding to any requests, investigations or litigation by any governmental entity regarding the transactions described herein or any transaction relating to intellectual property licensed under this Agreement under the Antitrust Laws. Neither XOMA nor any of its respective Affiliates shall, without Novartis' prior written consent, in Novartis' sole discretion, take or commit to take any action that limits Novartis' freedom of action with respect to or Novartis' ability to retain the license and other rights granted to it hereunder or otherwise receive the full benefits of this Agreement or any transaction relating to intellectual property licensed under this Agreement.

7.6 Disclaimer. EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS AGREEMENT, NEITHER PARTY MAKES ANY REPRESENTATION OR EXTENDS ANY WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY THAT ANY PATENTS ARE VALID OR ENFORCEABLE, AND EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

ARTICLE VIII
INDEMNIFICATION

8.1 Indemnification by Novartis. Novartis shall indemnify, defend and hold harmless XOMA and its Affiliates, and its or their respective directors, officers, employees and agents (the "XOMA Indemnitees"), from and against any and all liabilities, damages, losses, costs and expenses, including the reasonable fees of attorneys and other professional Third Parties (collectively, "Losses"), arising out of or resulting from any and all Third Party suits, claims, actions, proceedings or demands ("Claims") brought against any XOMA Indemnitee based upon:

(a) the negligence, recklessness or wrongful intentional acts or omissions of Novartis or its Affiliates and its or their respective directors, officers, employees and agents, in connection with Novartis' performance of its obligations or exercise of its rights under this Agreement;

(b) any breach of any representation or warranty or covenant made by Novartis under ARTICLE VII or any other provision under this Agreement; or

(c) the Development of Products that is conducted by or under the authority of Novartis [*] the handling and storage by or on behalf of Novartis of any chemical agents or other molecules for the purpose of conducting such Development by or on behalf of Novartis, and the manufacture, marketing, Commercialization and sale by Novartis, its Affiliates or sublicensees of Products, including any product liability, personal injury, property damage or other damage, in each case resulting from any of the foregoing activities described in this Section 8.1(c); in each case, provided, that, such indemnity shall not apply to the extent such Losses arise from a cause or event described in clause (a), (b), (c) or (d) of Section 8.2.

8.2 Indemnification by XOMA. XOMA shall indemnify, defend and hold harmless Novartis and its Affiliates, and its or their respective directors, officers, employees and agents (the "Novartis Indemnitees"), from and against any and all Losses, arising out of or resulting from any and all Claims against any Novartis Indemnitee based upon:

(a) the negligence, recklessness or wrongful intentional acts or omissions of XOMA or its Affiliates or its or their respective directors, officers, employees and agents, in connection with XOMA's performance of its obligations or exercise of its rights under this Agreement;

(b) any breach of any representation or warranty or covenant made by XOMA under ARTICLE VII or any other provision under this Agreement;

(c) [*] or [*] including (i) any [*] or other damage, and (ii) [*], in each case resulting from any of the foregoing activities described in this Section 8.2(c); or

(d) the Servier Loan, including any breach or default of or non-compliance with the Servier Loan Agreement, except for any breach, default or non-compliance caused solely and directly by Novartis' failure to make the Servier Loan Repayment in breach of Section 4.1.1;

in each case, provided, that, such indemnity shall not apply to the extent such Losses arise from a cause or event described in clause (a), (b) or (c) of Section 8.1.

8.3 Procedure.

8.3.1 Notice of Claim. A Person entitled to indemnification under this ARTICLE VIII (an " Indemnified Party") shall give prompt written notification to the Party from whom indemnification is sought (the "Indemnifying Party") of the commencement of any action, suit or proceeding relating to a Claim for which indemnification is being sought or, if earlier,

upon the assertion of any such Claim (it being understood and agreed, however, that the failure by an Indemnified Party to give notice of a Claim as provided in this Section 8.3 shall not relieve the Indemnifying Party of its indemnification obligation under this Agreement except and only to the extent that such Indemnifying Party is actually damaged as a result of such failure to give notice).

8.3.2 Assumption of Defense; Participation. Within twenty (20) days after delivery of such notification, the Indemnifying Party may, upon written notice thereof to the Indemnified Party, assume control of the defense of such Claim with counsel reasonably satisfactory to the Indemnified Party. If the Indemnifying Party does not assume control of such defense, the Indemnified Party shall control such defense and, without limiting the Indemnifying Party's indemnification obligations, the Indemnifying Party shall reimburse the Indemnified Party for all costs and expenses, including reasonable attorney fees, incurred by the Indemnified Party in defending itself within thirty (30) days after receipt of any invoice therefor from the Indemnified Party. The Party not controlling such defense may participate therein at its own expense; provided, that if the Indemnifying Party assumes control of such defense and the Indemnified Party in good faith concludes, based on advice from counsel, that the Indemnifying Party and the Indemnified Party have conflicting interests with respect to such Claim, the Indemnifying Party shall be responsible for the reasonable fees and expenses of counsel to the Indemnified Party in connection therewith. The Party controlling such defense shall keep the other Party advised of the status of such action, suit, proceeding or claim and the defense thereof and shall consider recommendations made by the other Party with respect thereto.

8.3.3 Settlements. The Indemnified Party shall not agree to any settlement of such Claim without the prior written consent of the Indemnifying Party, which shall not be unreasonably withheld, delayed or conditioned. The Indemnifying Party shall not agree to any settlement of such Claim or consent to any judgment in respect thereof that does not include a complete and unconditional release of the Indemnified Party from all liability with respect thereto, that imposes any liability or obligation on the Indemnified Party or that acknowledges fault by the Indemnified Party without the prior written consent of the Indemnified Party.

8.3.4 Mitigation of Loss. Each Indemnified Party will take and will procure that its Affiliates take all such reasonable steps and actions as are necessary or as the Indemnifying Party may reasonably require in order to mitigate any Claims (or potential losses or damages) under this ARTICLE VIII. Nothing in this Agreement shall or shall be deemed to relieve any Party of any common law or other duty to mitigate any losses incurred by it.

8.4 SPECIAL, INDIRECT AND OTHER LOSSES. EXCEPT FOR A BREACH OF ARTICLE VI OR FOR CLAIMS OF A THIRD PARTY THAT ARE SUBJECT TO INDEMNIFICATION UNDER THIS ARTICLE VIII, NEITHER NOVARTIS NOR XOMA, NOR ANY OF THEIR RESPECTIVE AFFILIATES OR SUBLICENSEES, WILL BE LIABLE TO THE OTHER PARTY TO THIS AGREEMENT, ITS AFFILIATES OR ANY OF THEIR SUBLICENSEES FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL OR PUNITIVE DAMAGES OR LOST PROFITS OR ROYALTIES, LOST DATA OR COST OF PROCUREMENT OF SUBSTITUTE GOODS OR SERVICES, WHETHER LIABILITY IS ASSERTED IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND STRICT PRODUCT

LIABILITY), INDEMNITY OR CONTRIBUTION, AND IRRESPECTIVE OF WHETHER THAT PARTY OR ANY REPRESENTATIVE OF THAT PARTY HAS BEEN ADVISED OF, OR OTHERWISE MIGHT HAVE ANTICIPATED THE POSSIBILITY OF, ANY SUCH LOSS OR DAMAGE.

8.5 No Exclusion. Neither Party excludes any liability for death or personal injury caused by its negligence or that of its employees, agents or subcontractors.

ARTICLE IX
TERM AND TERMINATION

9.1 Term; Expiration. This Agreement shall become effective as of the Effective Date and, unless earlier terminated pursuant to this ARTICLE IX, shall remain in effect until the expiration of the Royalty Term throughout the Territory (the "Term"). Upon expiration of the Term, all rights and licenses granted to Novartis pursuant to Section 3.1 shall survive, and shall become fully paid-up, perpetual and irrevocable.

9.2 Termination for Cause . If either Novartis or XOMA is in material breach of any material obligation hereunder, the non-breaching Party may give written notice to the breaching Party specifying the claimed particulars of such breach, and in the event such material breach is not cured within [*] after such notice (or, if such material breach relates to non-payment of monies due (a "Payment Breach"), then [*] after such notice), the non-breaching Party shall have the right thereafter to terminate this Agreement immediately by giving written notice to the breaching Party to such effect; provided, that, [*], if [*] and the [*] and thereafter [*]. In the event that arbitration is commenced with respect to any alleged breach hereunder, no purported termination of this Agreement pursuant to this Section 9.2 shall take effect until the resolution of such arbitration. Any termination by any Party under this Section 9.2 and the effects of termination provided herein shall be without prejudice to any damages or other legal or equitable remedies to which it may be entitled.

9.3 Termination by Novartis for Convenience. Novartis may terminate this Agreement without cause at any time after the Effective Date in its entirety or on a Product-by-Product or country-by-country basis at any time on six (6) months prior written notice.

9.4 Effects of Expiration or Termination. Upon any early termination (but not expiration) of this Agreement in its entirety or termination with respect to a Product or country in the Territory other than any termination by Novartis under Section 9.2 due to XOMA's breach:

9.4.1 Program Continuity. The Parties intend that upon any such termination of this Agreement, in whole or in part, the transfer from Novartis to XOMA of rights, materials, data and documentation related to the Antibody and Products that are the subject of such termination as described below be conducted as expeditiously as is reasonably practicable, with the goal of ensuring an uninterrupted supply of Products to patients (including to patients enrolled in any clinical trials that are in progress as of the date of such termination), and in keeping with sound scientific, clinical and manufacturing practices and all applicable Laws.

9.4.2 License Termination; Cessation of Development and Commercialization by Novartis. All rights and licenses granted to Novartis under this Agreement shall be terminated and of no further force and effect; provided, that if such termination is only with respect to a particular Product or country, then such termination shall apply only to such Products or with respect to the terminated countries, as applicable. Novartis shall cease its Development (except as set forth in Section 9.4.5) and Commercialization of such Products and in such countries as applicable, or, in the event of termination of this Agreement in its entirety, throughout the Territory.

9.4.3 Return of Confidential Information and Materials. If this Agreement is terminated in its entirety, Novartis shall promptly return to XOMA all Know-How, data, materials and other Confidential Information made available to Novartis by XOMA under this Agreement.

9.4.4 Licenses. Effective upon the effective date of such termination:

(a) Novartis hereby grants XOMA a [*] license under the Novartis Product IP (as defined below) solely to Develop, import, use, make, have made, offer for sale and sell, effective upon termination of this Agreement (i) if this Agreement is terminated with respect to a particular country, the Antibody and Products in such countries; (ii) if this Agreement is terminated with respect to a particular Product, such Product throughout the Territory and (iii) if this Agreement is terminated in full, the Antibody and Products throughout the Territory, subject to [*]

(b) "Novartis Product IP" means (i) all Novartis Patents that [*] of the Antibody or Product, and (ii) all Know-How [*] in connection with this Agreement that [*] to any Antibody or Product.

(c) XOMA may decline to accept at any time either or both of the licenses set forth in subsections (a) and (b) above upon written notice to Novartis. Novartis shall [*] for any [*] to the extent arising from [*] set forth in [*]

9.4.5 Clinical Development Activities. With respect to any clinical Development activities of Novartis directed to the terminated Product or Products with respect to the terminated countries that are in progress at the time of notice of termination, (a) Novartis shall [*]; or (b) at XOMA's election prior to the effective date of termination, Novartis shall to the extent not prohibited by applicable Law or any Regulatory Authority[*] transfer to XOMA any such clinical Development activities and forward all interim and final reports and underlying data from such activities to XOMA to enable such clinical Development activities to be transferred to XOMA without interruption; [*]

9.4.6 Regulatory Filings. To the extent permitted by applicable Law, and within [*] of XOMA's request, Novartis will promptly assign to XOMA all Regulatory Approvals and Regulatory Materials submitted and Controlled by Novartis for the Products solely with respect to the terminated countries and/or Products (as applicable). If Novartis is restricted under applicable Law from transferring ownership of any of the foregoing items to XOMA (including

in order to continue to conduct any transition activities as contemplated in this Section 9.4.6, including the conduct of clinical Development activities, if applicable, pursuant to Section 9.4.5 above), Novartis shall grant XOMA (or its designee) an exclusive right of reference or use to such item. Novartis shall, [*], take actions reasonably necessary to effect such transfer or grant of right of reference or use to XOMA, including by making such filings as may be required with Regulatory Authorities and other governmental authorities in the Territory that may be necessary to record such assignment or effect such transfer. Such transfer shall be [*] in accordance with Section [*], unless [*] in accordance with [*], in which case [*]. All such Regulatory Approval and Regulatory Materials shall be deemed to be XOMA's Confidential Information as of the effective date of such termination and the exceptions in Sections 6.1(a) and (e) shall not apply to Novartis with respect to such Regulatory Approval and Regulatory Filings.

9.4.7 Data. Within [*] of the effective date of such termination, Novartis shall transfer and assign to XOMA, all data from preclinical, non-clinical and clinical studies conducted by or on behalf of Novartis, its Affiliates or sublicensees relating to the Antibody or Products and all pharmacovigilance data (including all adverse event databases) relating to the Antibody or Products, in each case, to the extent applicable to the Products and/or countries which are the subject of the termination, which data shall be deemed to be XOMA's Confidential Information as of the effective date of such termination and the exceptions in Sections 6.1(a) and (e) shall not apply to Novartis with respect to such data. At XOMA's request, Novartis shall provide XOMA with assistance with any inquiries and correspondence with Regulatory Authorities relating to the Antibody or Product for a period of [*] after such termination. Such transfer shall be at [*] in accordance with Section [*], unless [*] in accordance with Section [*], in which case [*]

9.4.8 Inventory Transfer. As requested by XOMA, Novartis shall transfer to XOMA or its designee any and all inventory of the Antibody and Products (including all research materials, final product, bulk drug substance, intermediates, work-in-process, formulation materials, reference standards, drug product clinical reserve samples, packaged retention samples, and the like) then in the possession of Novartis, its Affiliates or sublicensees, in each case, to the extent applicable to the Products and/or countries which are the subject of the termination. Such activities shall be [*] in accordance with Section [*], unless [*] in accordance with Section [*], in which case [*]

9.4.9 Termination Press Releases. In the event of termination of this Agreement for any reason and subject to the provisions of Section 6.3.1, the Parties shall cooperate in good faith to coordinate public disclosure of such termination and the reasons therefor, and shall not, except to the extent required by applicable Law, disclose such information without the prior approval of the other Party. The principles to be observed in such disclosures shall be accuracy, compliance with applicable Law and regulatory guidance documents, and reasonable sensitivity to potential negative investor reaction to such news.

9.4.10 [*] Additional Transition Assistance, and Other Matters. The Parties shall timely [*] that are [*] as well as any additional transition assistance that may be reasonably requested by XOMA (to be undertaken at [*] to the extent [*] may also include [*] relating to the terminated Products; however, [*]. In the event that, [*] (or such [*] as the Parties may agree),

[*] as to any [*] in connection therewith, [*] by notice to the other Party [*] pursuant to this Section [*]. Notwithstanding the foregoing, [*], by providing [*] with written notice [*] (or such [*] pursuant to the preceding sentence), [*], [*]; provided, that [*] that are [*] then upon such notice being provided, the [*] and shall [*] unless and until [*] that are [*] Following such notice, the Parties shall [*] and [*] which [*] and [*] and [*] and shall [*] If the Parties [*] then each Party [*] and [*] provided, that [*] and [*] under this Section 9.4.10. [*] (or [*] as the case may be), [*] and [*] for [*] and [*] The Parties will also [*] as may be amended at such time. [*] each Party [*] Neither Party may [*] other than for the sole purpose of [*] or as expressly permitted in this Section 9.4.10; provided, that [*] if [*] in which event [*] (or, [*] then [*] the [*] provided [*] this Agreement. [*]. The Parties [*]; provided, however, each Party shall [*] under this Section 9.4.10.

9.4.11 Effects of Termination for Novartis Termination due to XOMA Breach. Upon any early termination of this Agreement in its entirety by Novartis under Section 9.2 due to XOMA's breach, then in addition to any other right or remedy Novartis may have, at Law or in equity, then the following Sections shall survive such termination [*]

ARTICLE X
ACCRUED RIGHTS; SURVIVING PROVISIONS

10.1 Accrued Rights. Termination, relinquishment or expiration of this Agreement for any reason shall be without prejudice to any rights that shall have accrued to the benefit of any Party prior to such termination, relinquishment or expiration, including the payment obligations under ARTICLE IV hereof, and any and all damages or remedies arising from any breach hereunder. Such termination, relinquishment or expiration shall not relieve any Party from obligations which are expressly indicated to survive termination of this Agreement.

10.2 Surviving Provisions. In addition to any other provisions of this Agreement that are elsewhere expressly stated to survive, the provisions of [*] and [*] and Sections [*] shall survive the termination of this Agreement in its entirety or expiration of this Agreement for any reason, in accordance with their respective terms and conditions, and for the duration stated, and where no duration is stated, shall survive indefinitely. In addition: (a) [*] shall survive for a period of [*] after the effective date of termination or expiration of this Agreement, and (b) [*] shall survive for a period of [*] after the effective date of termination or expiration of this Agreement.

ARTICLE XI
MISCELLANEOUS

11.1 Dispute Resolution. If a dispute between the Parties arises under this Agreement, either Party shall have the right to refer such dispute in writing to the respective Executive Officers, and such Executive Officers shall attempt in good faith to resolve such dispute. If the Parties are unable to resolve a given dispute pursuant to the preceding sentence within thirty (30) days after referring such dispute to the Executive Officers, either Party may have the given dispute settled in court pursuant to the remainder of this Section 11.1. Each Party irrevocably submits to the exclusive jurisdiction of the United States District Court for the Southern District

of New York for the purposes of any suit, action or other proceeding arising out of this Agreement. Each Party agrees to commence any such action, suit or proceeding in the United States District Court for the Southern District of New York or if such suit, action or other proceeding may not be brought in such court for jurisdictional reasons, in the Supreme Court of the State of New York, New York County. Each Party irrevocably and unconditionally waives any objection to the laying of venue of any such action, suit or proceeding arising out of this Agreement in the United States District Court for the Southern District of New York, and hereby and thereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum. Notwithstanding anything in this Agreement to the contrary, a Party may seek a temporary restraining order or a preliminary injunction from any court of competent jurisdiction, at any time, in order to prevent immediate and irreparable injury, loss, or damage on a provisional basis, pending the resolution of any dispute hereunder, including under this Section 11.1.

11.2 Governing Law. This Agreement and any dispute arising from the performance or breach hereof shall be governed by and interpreted in accordance with the laws of the State of New York, without giving effect to any choice of law rules. The provisions of the United Nations Convention on Contracts for the International Sale of Goods shall not apply to this Agreement or any subject matter hereof.

11.3 Assignment. Neither Party may assign this Agreement, in any manner including by operation of law, without the consent of the other Party, except as otherwise provided in this Section 11.3. Either Party may assign this Agreement in whole or in part to any Affiliate without the consent of the other Party. Either Party may also assign this Agreement, without the consent of the other Party, to any successor or Third Party that acquires all or substantially all of the business or assets of the assigning Party to which this Agreement relates, whether by sale, transfer, merger, reorganization, operation of law or otherwise, and Novartis may assign this Agreement to any Third Party in connection with any divestiture undertaken to satisfy an applicable governmental authority or agency; provided, that in each case such assigning Party provides the other Party with written notice of such assignment and the assignee agrees in writing to assume performance of all assigned obligations. The terms of this Agreement shall be binding upon and shall inure to the benefit of the successors, heirs, administrators and permitted assigns of the Parties. Any purported assignment in violation of this Section 11.3 shall be null and void.

11.4 Force Majeure. No Party shall be held liable or responsible to the other Party nor be deemed to be in default under, or in breach of any provision of, this Agreement for failure or delay in fulfilling or performing any obligation (other than a payment obligation) of this Agreement when such failure or delay is due to force majeure, and without the fault or negligence of the Party so failing or delaying. For purposes of this Agreement, force majeure is defined as causes beyond the reasonable control of the Party, including acts of God; material changes in Law; war; civil commotion; destruction of production facilities or materials by fire, flood, earthquake, explosion or storm; labor disturbances; epidemic; and failure of public utilities or common carriers. In such event XOMA or Novartis, as the case may be, shall immediately notify the other Party of such inability and of the period for which such inability is expected to

continue. The Party giving such notice shall thereupon be excused from such of its obligations under this Agreement as it is thereby disabled from performing for so long as it is so disabled for up to a maximum of ninety (90) days, after which time XOMA and Novartis shall promptly meet to discuss in good faith how to best proceed in a manner that maintains and abides by the Agreement. To the extent possible, each Party shall use reasonable efforts to minimize the duration of any force majeure

11.5 Reimbursement by [*]. [*] shall reimburse [*] and [*] in [*] that [*] may reasonably [*]

11.6 Notices. Any notice or request required or permitted to be given under or in connection with this Agreement shall be given in writing and personally delivered or sent by certified mail (return receipt requested), or overnight express courier service (signature required), prepaid, to the Party for which such notice is intended, at the address set forth for such Party below:

If to XOMA:

XOMA (US) LLC
2910 Seventh Street
Berkeley, California 94710
Attention: Legal Department

With a required copy to:

Cooley LLP
3175 Hanover Street
Palo Alto, CA 94304-1130
Attention: Barbara Kosacz

If to Novartis:

Novartis Pharma AG
Lichtstrasse 35
4056 Basel
Switzerland
Attention: Head, BD&L

With a required copy to:

Novartis Pharma AG
Lichtstrasse 35
4056 Basel
Switzerland
Attention: General Counsel

or to such other address for such Party as it shall have specified by like notice to the other Parties; provided, that notices of a change of address shall be effective only upon receipt thereof. If delivered personally, the date of delivery shall be deemed to be the date on which such notice or request was given. If sent by overnight express courier service, the date of delivery shall be deemed to be the next Business Day after such notice or request was deposited with such service. If sent by certified mail, the date of delivery shall be deemed to be the third (3rd) Business Day after such notice or request was deposited with the U.S. Postal Service.

11.7 Export Clause. Each Party acknowledges that the Laws of the United States restrict the export and re-export of certain commodities and technical data of United States origin. Each Party agrees that it will not export or re-export restricted commodities or the technical data of the other Party in any form without the appropriate United States and foreign government licenses. Novartis shall not be required by the terms of this Agreement to be directly or indirectly involved in the provision of goods, services or technical data that may be prohibited by applicable export control, economic sanctions laws and anti-boycott regulations of the United States and other governments ("Trade Control Laws") if performed by Novartis. It shall be in the sole discretion of Novartis to refrain from being directly or indirectly involved in the provision of goods, services or technical data that may be prohibited by applicable Trade Control Laws.

11.8 Waiver. Neither Party may waive or release any of its rights or interests in this Agreement except in writing. The failure of either Party to assert a right hereunder or to insist upon compliance with any term of this Agreement shall not constitute a waiver of that right or excuse a similar subsequent failure to perform any such term or condition. No waiver by either Party of any condition or term in any one (1) or more instances shall be construed as a continuing waiver of such condition or term or of another condition or term.

11.9 Severability. If any provision hereof should be held invalid, illegal or unenforceable in any jurisdiction, the Parties shall negotiate in good faith a valid, legal and enforceable substitute provision that most nearly reflects the original intent of the Parties and all other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in order to carry out the intentions of the Parties hereto as nearly as may be possible. Such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of such provision in any other jurisdiction.

11.10 Entire Agreement. This Agreement, together with the Stock Purchase Agreement and the Schedules and Exhibits hereto, set forth all the covenants, promises, agreements, warranties, representations, conditions and understandings between the Parties and supersede and terminate all prior agreements and understanding between the Parties with respect to the subject matter of this Agreement. In particular, and without limitation, this Agreement supersedes and replaces the Existing Confidentiality Agreement and any and all term sheets relating to the transactions contemplated by this Agreement and exchanged between the Parties prior to the Effective Date. There are no covenants, promises, agreements, warranties, representations, conditions or understandings, either oral or written, between the Parties with respect to the subject matter of this Agreement other than as set forth herein and therein. No subsequent alteration, amendment, change or addition to this Agreement shall be binding upon the Parties unless reduced to writing and signed by the respective authorized officers of the Parties.

11.11 Independent Contractors. Nothing herein shall be construed to create any relationship of employer and employee, agent and principal, partnership or joint venture between the Parties. Each Party is an independent contractor. Neither Party shall assume, either directly or indirectly, any liability of or for the other Party. Neither Party shall have the authority to bind or obligate the other Party and neither Party shall represent that it has such authority.

11.12 Headings; Construction; Interpretation. Headings used herein are for convenience only and shall not in any way affect the construction of or be taken into consideration in interpreting this Agreement. The terms of this Agreement represent the results of negotiations between the Parties and their representatives, each of which has been represented by counsel of its own choosing, and neither of which has acted under duress or compulsion, whether legal, economic or otherwise. Accordingly, the terms of this Agreement shall be interpreted and construed in accordance with their usual and customary meanings, and each of the Parties hereto hereby waives the application in connection with the interpretation and construction of this Agreement of any rule of Law to the effect that ambiguous or conflicting terms or provisions contained in this Agreement shall be interpreted or construed against the Party whose attorney prepared the executed draft or any earlier draft of this Agreement. Any reference in this Agreement to an Article, Section, subsection, paragraph, clause, Schedule or Exhibit shall be deemed to be a reference to any Article, Section, subsection, paragraph, clause, Schedule or Exhibit, of or to, as the case may be, this Agreement. Except where the context otherwise requires, (a) any reference to any Law refers to such Law as from time to time enacted, repealed or amended or any replacement thereof, (b) the words "herein," "hereof" and "hereunder," and words of similar import, refer to this Agreement in its entirety and not to any particular provision hereof, (c) the words "include," "includes," and "including," shall be deemed to be followed by the phrase "but not limited to," "without limitation" or words of similar import, (d) the word "or" is used in the inclusive sense (and/or), (e) provisions that refer to Persons acting "under the authority of Novartis" shall include Novartis' Affiliates or sublicensees and those Persons acting "under the authority of XOMA" shall include XOMA's Affiliates or licensees (other than Novartis); conversely, those Persons acting "under the authority of Novartis" shall exclude XOMA, its Affiliates and licensees and those Persons acting "under the authority of XOMA" shall exclude Novartis, its Affiliates and sublicensees; (f) the word "notice" shall require notice in writing (whether or not specifically stated) and shall include notices, consents, approvals and other written communications contemplated under this Agreement; (g) words of any gender include the other gender; (h) words using the singular or plural number also include the plural or singular number, respectively; and (i) provisions that require that a Party or the Parties "agree," "consent" or "approve" or the like shall require that such agreement, consent or approval be specific and in writing.

11.13 Further Actions. Each Party shall execute, acknowledge and deliver such further instruments, and do all such other acts, as may be necessary or appropriate in order to carry out the expressly stated purposes and the clear intent of this Agreement.

11.14 Parties in Interest; No Third Party Beneficiary Rights. All of the terms and provisions of this Agreement shall be binding upon, and shall inure to the benefit of and be enforceable by the Parties hereto and their respective successors, heirs, administrators and permitted assigns. The provisions of this Agreement are for the sole benefit of the Parties and their successors and permitted assigns, and they shall not be construed as conferring any rights to any Third Party (including any third party beneficiary rights).

11.15 Performance by Affiliates. To the extent that this Agreement imposes obligations on Affiliates of a Party, such Party agrees to cause its Affiliates to perform such obligations.

11.16 Extension to Affiliates. Novartis shall have the right to extend the rights and obligations granted in this Agreement to one or more of its Affiliates. All applicable terms and provisions of this Agreement shall apply to any such Affiliate to which this Agreement has been extended to the same extent as such terms and provisions apply to Novartis. Novartis shall remain directly liable for any acts or omissions of its Affiliates, and Novartis hereby expressly waives any requirement that XOMA exhaust any right, power or remedy, or proceed directly against such Affiliate, for any obligation or performance hereunder prior to proceeding directly against Novartis.

11.17 Counterparts. This Agreement may be signed in counterparts, each and every one of which shall be deemed an original, notwithstanding variations in format or file designation which may result from the electronic transmission, storage and printing of copies from separate computers or printers. Facsimile signatures and signatures transmitted via PDF shall be treated as original signatures.

[*Signature page to follow***]**

[*Signature page to License Agreement*]

IN WITNESS WHEREOF, and intending to be legally bound hereby, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

XOMA (US) LLC

By: _____
Name:
Title:

NOVARTIS PHARMA AG

By: _____
Name:
Title:

By: _____
Name:
Title:

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

EXHIBIT A – XOMA Patents

[*] (9 pages omitted)

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

Confidential

EXHIBIT B – Form of Novartis Invoice

[Sender's Logo

Street
Town, Country
Phone and Fax Nr.

INVOICE
INVOICE DATE:
_____ 20___

INVOICE No.: XXXX

Bill To:

For:
[Product X Royalties 1st Quarter 20]
[(or Milestone for event Y)]

[XXX]

And via fax to no. _____

DESCRIPTION [*Please specify the event for which the invoice is due]*	**AMOUNT (USD)**
Product X [royalties] [January – March 20] calculated based on Novartis provided [sales & royalty report] (see attached worksheet)	US$ 000'000.00
[(Or milestone payment for event Y, according to paragraph XY of agreement ZZZZ dated ……)]	
Novartis Contract Code	
Please remit by wire transfer within [[] days] to:	
Receiving Bank - ……..	
Swift Code - ……..	
ABA Number - ……..	
Credit Account - ……..	
Beneficiary - ……..	
TOTAL	000'000,00
If you have any questions concerning this invoice, contact ……	
or e-mail to ……..	
VAT -Reg. No. Xxxxxxxxxx (if applicable)]	

Confidential

EXHIBIT C – Inventory

[*] (2 pages omitted)

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

Confidential

EXHIBIT D – XOMA Third Party Agreements

[*]

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

EXHIBIT E – Form of Servier Payoff Letter

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

August 24, 2017

XOMA (US) LLC
2910 Seventh Street
Berkeley, CA 94710
United States
Attention: Chief Financial Officer
FAX: 510-649-0315

Re: **Payoff Letter**

Ladies and Gentlemen:

Reference is made to (i) that certain Loan Agreement, dated as of December 30, 2010, as amended and assigned by the Consent, Transfer, Assumption and Amendment Agreement, dated as of August 12, 2013, as further amended by Amendment N o2 to the Loan Agreement, dated as of January 9, 2015, and Amendment No3 to the Loan Agreement, dated as of January 17, 2017 (as so amended, and as further amended, restated, supplemented or otherwise modified from time to time through the date hereof, the "Loan Agreement"), each between XOMA (US) LLC, a Delaware limited liability company (as successor by assignment to XOMA Ireland Limited, "XOMA" or "you") and Les Laboratoires Servier ("Servier" or "us") and the other entities from time to time party thereto, and (ii) the other agreements, documents and instruments executed in connection therewith (as each may be further amended, restated, supplemented or otherwise modified from time to time through the date hereof, together with the Loan Agreement, collectively, the "Secured Agreements"). You have informed us that, on or about August 25, 2017, you expect to satisfy, in full, all of the Obligations under the Loan Agreement and the other Secured Agreements, including all monies, liabilities and obligations secured thereunder. All capitalized terms used but otherwise not defined herein shall have the meanings set forth in the Loan Agreement.

Upon Servier's receipt on August 25, 2017, by federal funds wire transfer (or similar transfer of immediately available funds) in accordance with the instructions set for the below, of an amount equal to €12,022,451, which amount shall be increased by an amount equal to €576 (representing per diem interest) for each day thereafter that the Payoff Amount remains unpaid (such amount, the "Payoff Amount", and the date upon which such wire is received, the "Payoff Effective Time"), Servier agrees to deliver (or cause to be delivered) to XOMA the original Promissory Note (marked as "cancelled") and all other instruments in Servier's possession, if any, and other releases of liens, discharges, terminations and release documentation, executed by Servier (if applicable) releasing Servier's Liens (as hereinafter defined) on all of the assets and property of XOMA subject to such Liens (the "Collateral").

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Upon the Payoff Effective Time, Servier agrees and acknowledges that (i) all Obligations, including without limitation outstanding indebtedness (including, without limitation, for principal, interest and fees) and other obligations of XOMA under or relating to the Secured Agreements, shall be deemed paid and satisfied in full and irrevocably discharged, terminated and released, (ii) all security interests and other liens and encumbrances ("Liens") granted to or held by Servier in any assets of XOMA as security for such Obligations shall be automatically, forever and irrevocably satisfied, released and discharged, (iii) the Loan Agreement and the other Secured Agreements shall be automatically terminated and of no further force or effect, and neither XOMA nor any other Person shall have a right to draw funds thereunder, and (iv) XOMA or its agent or designee shall be authorized, without further action, notice or consent, to file the UCC termination statement attached hereto as Exhibit A, and all other instruments, releases and documents evidencing the release of Servier's Liens on the Collateral. Further, Servier agrees to execute such documents and take all additional actions reasonably requested by XOMA, from time to time, to release its Liens on the Collateral and evidence the termination of the Obligations. XOMA agrees to pay Servier for all reasonable out-of-pocket costs and expenses incurred by Servier in connection with the matters referred to in the previous sentence, and acknowledges that Servier's execution of and/or delivery of documents releasing any security interest or claim in any Collateral of XOMA as set forth herein is made without recourse, representation, warranty or other assurance of any kind by Servier and hereby confirms that the commitments of Servier to make any Advance or incur liabilities under the Secured Agreements are terminated as of the Payoff Effective Time, and, as of the Payoff Effective Time, Servier shall have no further obligation to make Advances to XOMA or any other Person under the Secured Agreements.

The Payoff Amount referred to above should be sent to the following account of Servier:

[*]

This Agreement shall be governed by the internal laws of the State of New York. No party may assign its rights, duties or obligations under this Agreement without the prior written consent of the other parties. This Agreement may be executed in any number of separate counterparts, each of which shall, collectively and separately, constitute one agreement. Delivery of an executed counterpart of this letter by electronic means (e.g., facsimile or .pdf) shall be equally as effective as delivery of an original executed counterpart and shall not affect the validity, enforceability, and binding effect of this letter. The undersigned parties have signed below to indicate their consent to be bound by the terms and conditions of this Agreement.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

If you need additional information, please do not hesitate to contact us.

Very truly yours,

LES LABORATOIRES SERVIER

By: _____
Name:
Title:

INSTITUT DE RECHERCHES SERVIER

By: _____
Name:
Title:

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ACCEPTED and AGREED:

XOMA (US) LLC

By: _____
Name:
Title:

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EXHIBIT A
UCC TERMINATION STATEMENT

See attached.

[ ] = Certain confidential information contained in this document, marked by brackets, is filed with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

SCHEDULE 1 – Exceptions to Representations and Warranties

[*] (2 pages omitted)

Exhibit 10.4

ASSET PURCHASE AGREEMENT

by and among

NANOTHERAPEUTICS, INC.

and

XOMA (US) LLC

Dated as of November 4, 2015

TABLE OF CONTENTS

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT, dated as of the Fourth day of November, 2015 (this "**Agreement**"), is made by and among Nanotherapeutics, Inc., a Delaware corporation ("**Buyer**"), and XOMA (US) LLC, a Delaware limited liability company ("**Seller**").

WHEREAS, Seller has been developing therapeutic treatments for botulinum poisoning, including the antibody product designated as XOMA 3AB (the "**BOT Business**").

WHEREAS, Seller desires to sell, transfer, and convey to Buyer, and Buyer desires to purchase from Seller, those certain assets related to the BOT Business, and Buyer desires to assume the Assumed Liabilities (as defined herein), all upon the terms and subject to the conditions hereinafter set forth; and

WHEREAS, in connection with the sale, transfer, and conveyance of those certain assets related to the BOT Business, the Seller, Buyer, and/or their respective Affiliates desire to enter into the Ancillary Agreements (as defined herein);

NOW, THEREFORE, in consideration of the mutual covenants herein contained and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Definitions. As used in this Agreement, the following terms have the meanings set forth below:

"**Affiliate**" means, with respect to any Person, any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. When used in this Agreement, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of a majority of the equity interests or the power to elect a majority of the board of directors (or Persons performing similar functions) of such Person, whether through the ownership of voting securities, status as a general partner, by contract, or otherwise. The parties acknowledge that in the case of certain entities organized under the Laws of certain countries outside of the United States, the maximum percentage ownership permitted by Law for a foreign investor may be less than fifty percent (50%), and that in such case such lower percentage shall be substituted in the preceding sentence; provided that such foreign investor has the power to direct the management and policies of such entity.

"**Agreement**" has the meaning set forth in the recitals.

"**Alternative Triggering Award**" has the meaning set forth in Section 2.3.

"**Allocation**" has the meaning set forth in Section 3.2.

"**Ancillary Agreements**" means, collectively, the Transition Services Agreements, Nanotherapeutics License Agreement, the Bill of Sale, the Assumption Agreement, the Letter of Reference, and the Confidentiality Agreement.

"**Assumed Liabilities**" has the meaning set forth in Section 2.4(a).

"**Assumption Agreement**" means an assumption agreement to be executed at Closing by Buyer and Seller, substantially in the form attached hereto as Exhibit A.

"**Bill of Sale**" means a bill of sale and assignment to be executed at Closing by Buyer and Seller, substantially in the form attached hereto as Exhibit B.

"**Business**" means developing, manufacturing, selling, marketing, distributing, and commercializing the Products.

"**Business Day**" means any day other than a Saturday, Sunday, or other day on which banks in San Francisco, California are required or authorized to be closed by Law or regulation.

"**Buyer**" has the meaning set forth in the recitals.

"**Buyer Indemnified Parties**" has the meaning set forth in Section 11.2(a).

"**Closing Date**" has the meaning set forth in Section 4.1.

"**Common Stock**" means common stock of Buyer.

"**Confidentiality Agreement**" means that certain Confidentiality Agreement, dated as of July 30, 2015, by and between Buyer and Seller.

"**Contracts**" means contracts, licenses, agreements, and all other legally binding arrangements, whether in existence on the date hereof or subsequently entered into, including all amendments thereto.

"**Deductible**" has the meaning set forth in Section 11.2(b).

"**DMF**" means those certain Drug Master Files, as such term is described in the United States Food, Drug, and Cosmetics Act, identified as DMF #024117 and DMF #024156.

"**DTRA Contract**" means that certain contract issued by the Defense Threat Reduction Agency designated as #HDTRA1-15-C0012.

"**DTRA Triggering Award**" has the meaning set forth in Section 2.3.

"**Eligible Employees**" means those employees of Seller listed on Schedule 9.5(d).

"**Encumbrance**" means any mortgage, charge, lien, security interest, pledge or encumbrance of any nature whatsoever.

"**Excluded Assets**" has the meaning set forth in Section 2.2(b).

"**Excluded Liabilities**" has the meaning set forth in Section 2.4(b).

"**Exhibits**" means, collectively, the Exhibits referred to throughout this Agreement.

"**FDA**" means the United States Food and Drug Administration.

"**GIBCO Authorization Letter**" means a letter substantially in the form set forth on Exhibit I.

"**Governmental Entity**" means any court, agency, authority, department, legislative, or regulatory body or other instrumentality of any government or country or of any national, federal, state, provincial, regional, county, city, or other political subdivision of any such government or any supranational organization of which any such country is a member or quasi-governmental authority or self-regulatory organization of competent authority.

"**Governmental Order**" means any consent, authorization, approval, order, license, certification, or permit of or from, or declaration or filing with, any Governmental Entity, including any required filing with any Governmental Entity and the subsequent expirations of any required waiting period under any antitrust law.

"**Indemnified Party**" has the meaning set forth in Section 11.7(a).

"**Indemnifying Party**" has the meaning set forth in Section 11.7(a).

"**Initial Closing**" has the meaning set forth in Section 4.1.

"**Knowledge**" of Seller means the actual knowledge of the following employee of Seller: Diane Wilcock, solely in her capacity as Director of Seller and not in her personal capacity.

"**Law**" means any statute, law, ordinance, regulation, rule or code of a Governmental Entity.

"**Letters of Reference**" means the letters, in the form set forth as Exhibit E-3, providing a right of reference to Seller and its Affiliates under the DMFs.

"**Liabilities**" means any and all debts, liabilities, and obligations, whether accrued or fixed, absolute or contingent, matured or unmatured, or determined or determinable, including product liability, and, more generally, those arising under any Law, action, or Governmental Order and those arising under any contract, agreement, arrangement, commitment, or undertaking, or otherwise.

"**Loss**" or "**Losses**" means, collectively, any and all damages, losses, Liabilities, judgments, penalties, costs, and expenses (including reasonable attorneys' fees and litigation expenses); provided, however, that Losses shall not include punitive, consequential, indirect, incidental, exemplary, punitive, or special damages, lost profits, lost revenue, diminution in value, or opportunity costs, and shall not be calculated by using or taking into account any multiple of earnings, cash flow, revenue, or other similar measure.

"**Manufacturing Documentation**" means any and all of the following documents that are owned or controlled by Seller and that are specific to and necessary for the manufacture of each of the Products: manufacturing process validation reports, validation reports of analytical equipment, manufacturing instructions, batch records, manufacturing standard operating procedures, specifications and test methods for the products, raw materials, and stability, standard operating procedures, and specifications for packaging, manufacturing and packaging instructions, master formula, validation reports (analytical, packaging, and cleaning), stability data, and approved supplier lists.

"**Material Adverse Effect**" means an event, change, or effect which is materially adverse to the Purchased Assets, taken as a whole, other than events, changes, or effects: (i) occurring generally in the U.S. economy; (ii) occurring generally in the healthcare industry; (iii) resulting from legislation or regulation, whether proposed or instituted, in the healthcare industry, including the biodefense sector; (iv) resulting from the execution and delivery of this Agreement, the transactions contemplated by this Agreement, or the announcement to Third Parties or the public of the transactions contemplated by this Agreement; or (v) resulting from changes in applicable Laws.

"**Nanotherapeutics License Agreement**" means a license agreement between Buyer and Seller, substantially in the form set forth on Exhibit C.

"**NIAID Contract**" means Contract No. HHSN272201100031C, effective as of September 30, 2011, by and between the National Institutes of Health, National Institute of Allergy and Infectious Diseases and XOMA (US) LLC.

"**NIAID Subcontract**" means a contract substantially in the form set forth on Exhibit G.

"**Option**" has the meaning given in Section 2.3.

"**Option Closing**" has the meaning given in Section 4.1.

"**Option Exercise**" has the meaning given in Section 2.3.

"**Option Period**" has the meaning given in Section 2.3.

"**Optioned Assets**" means the Product Inventory.

"**Permitted Encumbrance**" means (i) any Encumbrance disclosed on Schedule 1.1; (ii) any Encumbrance for Taxes, assessments, and other governmental charges that are not yet due and payable or that may thereafter be paid without penalty, or that are being contested in good faith by appropriate proceedings; (iii) with respect to Contracts, any restrictions, obligations, limitations, or other Encumbrances contained in such Contract or existing at Law or under the regulatory regime; (iv) any rights of the United States government (e.g., licenses, march-in rights, domestic manufacturing restrictions) in or in connection with the XOMA Patents, the UCSF Licensed Patents, the XOMA General Know-How, XOMA BOT Know-How, and any other intellectual property which may be included in the Purchased Assets; and (v) any imperfection of title or other Encumbrance that, individually or in the aggregate with other such imperfections and Encumbrances, would not have a Material Adverse Effect.

"**Person**" means any individual, corporation, partnership, limited liability company, joint venture, firm, trust, business association, organization, Governmental Entity, or other entity.

"**Physical Assets**" means those items set forth on Schedule 1.1.

"**Precursor Materials**" means those quantities of the master cell banks, vectors and other precursor materials relating to the Products as are set forth on Schedule 1.1.

"**Product**" or "**Products**" means, collectively, the antibody therapeutics for the treatment of botulinum toxin poisoning as described in further detail on Schedule 1.1.

"**Product Inventory**" means Seller's inventories of bulk drug product and finished clinical product relating to the Products owned by the U.S. Government and held by Seller incident to the NIAID Contract, as set forth on Schedule 1.1.

"**Purchase Price**" has the meaning set forth in Section 3.1.

"**Purchased Assets**" has the meaning set forth in Section 2.2(a).

"**SAFC Authorization Letter**" means a letter substantially in the form set forth on Exhibit H.

"**Schedules**" means, collectively, the Schedules referred to throughout this Agreement.

"**Seller**" has the meaning set forth in the recitals.

"**Seller's Cap**" has the meaning set forth in Section 11.2(b).

"**Seller Indemnified Parties**" has the meaning set forth in Section 11.3.

"**Seller Plans**" means each employee benefit plan, as defined in Section 3(3) of ERISA sponsored, contributed to, or maintained by Seller immediately prior to the Closing Date in which an Eligible Employee participates.

"**Seller Welfare Benefit Plans**" means all of the Seller Plans which are welfare benefit plans and in which an Eligible Employee participates, including medical, dental, life insurance, and short- and long-term disability.

"**Survival Period**" has the meaning set forth in Section 11.1.

"**Tax**" means all Federal, state, local, and foreign taxes and assessments, including all interest, penalties, and additions with respect thereto.

"**Tax Return**" means any report, return, election, notice, estimate, declaration, information statement, and other forms and documents (including all schedules, exhibits, and other attachments thereto) relating to and filed or required to be filed with a taxing authority in connection with any Taxes (including estimated Taxes).

"**Third Party**" means any Person other than Seller or Buyer or their respective Affiliates.

"**Third Party Claim**" has the meaning set forth in Section 11.7(b).

"**Transfer Taxes**" has the meaning set forth in Section 3.3.

"**Transferred Contracts**" means those certain Contracts set forth in Schedule 1.1.

"**Transferred Employees**" has the meaning set forth in Section 9.5(a).

"**Transition Services Agreement**" means the Transition Services Agreement to be executed at Closing by Seller and Buyer, substantially in the form attached as Exhibit J.

"**UCSF Licensed Patents**" means the patents and patent applications which are the subject of the XOMA License Agreements.

"**U.S. Government Contracts**" means those certain Transferred Contracts set forth in Schedule 1.1 under the heading "U.S. Government Contracts."

"**Warehouse License Agreement**" means that a license agreement between XOMA Corporation and Buyer substantially in the form attached as Exhibit F.

"**XOMA BOT Know-How**" means all tangible and intangible techniques, information, technology, practices, trade secrets, inventions (other than those disclosed in a XOMA Patent), methods, processes, knowledge, know-how, conclusions, standard operating procedure, test data and results (including pharmacological, toxicological, manufacturing, and clinical test data and results), regulatory documentation, analytical and quality control data, and results or descriptions, in each case (i) owned or controlled by Seller or any of its Affiliates, and (ii) relating directly to the Products, as set forth in Schedule 6.2 under the heading, "XOMA BOT Know-How." For the avoidance of doubt, XOMA BOT Know-How includes the Manufacturing Documentation.

"**XOMA Co-Formulation Patents**" means those certain patents and patent applications as set forth in Schedule 1.1, including all provisional applications, substitutions, continuations, continuations-in-part, divisions, renewals, all letters patent granted thereon, and all reissues, re-examinations and extensions thereof, and all foreign counterparts of any of the foregoing.

"**XOMA Derived Product**" means any product the discovery, manufacture, use, sale, offer for sale or importation of which (i) would, in the absence of ownership of or a license under any of the XOMA Patents or UCSF Licensed Patents, infringe a claim of any of the XOMA Patents or UCSF Licensed Patents, or (ii) involve any XOMA General Know-How or XOMA BOT Know-How.

"**XOMA's Government Contract Liabilities**" has the meaning set forth in Section 11.2(a)(iv).

"**XOMA General Know-How**" means all tangible and intangible techniques, information, technology, practices, trade secrets, inventions (other than those disclosed in a XOMA Patent), methods, processes, knowledge, know-how, conclusions, standard operating procedure, test data and results (including pharmacological, toxicological, manufacturing, and

clinical test data and results), regulatory documentation, analytical and quality control data, and results or descriptions, in each case (i) owned or controlled by Seller or any of its Affiliates, and (ii) relating directly to the Products, as set forth in Schedule 6.2, under the heading "XOMA General Know-How."

"**XOMA License Agreements**" means those certain Transferred Contracts set forth in Schedule 1.1 under the heading "XOMA License Agreements."

"**XOMA Patents**" means the XOMA Co-Formulation Patents and the XOMA Vector Patents, collectively.

"**XOMA Vector Patents**" means those certain patents and patent applications set forth in Schedule 1.1, including all provisional applications, substitutions, continuations, continuations-in-part, divisions, renewals, all letters patent granted thereon, and all reissues, re-examinations and extensions thereof, and all foreign counterparts of any of the foregoing.

Section 1.2 Interpretation.

(a) "includes" and "including" shall mean, respectively, includes and including without limitation;

(b) a party includes its permitted assignees and/or the respective successors in title to substantially the whole of its undertaking;

(c) words denoting the singular shall include the plural and vice versa and words denoting any gender shall include all genders;

(d) references to Sections and Schedules are to Sections and Schedules of this Agreement unless otherwise specified;

(e) the headings in this Agreement are for information only and shall not be considered in the interpretation of this Agreement;

(f) any reference to "writing" or "written" includes faxes and any legible reproduction of words delivered in permanent and tangible form (but does not including email);

(g) the words "hereof", "herein", and "hereunder" and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement;

(h) references to any agreement or contract are to that agreement or contract as amended, modified, or supplemented from time to time in accordance with the terms hereof and thereof; and

(i) the parties agree that the terms and conditions of this Agreement are the result of negotiations between the parties and that this Agreement shall not be construed in favor of or against any party by reason of the extent to which any party participated in its preparation.

Section 1.3 Currency. All currency amounts referred to in this Agreement are in U.S. Dollars unless otherwise specified.

ARTICLE II
SALE AND PURCHASE OF PURCHASED ASSETS

Section 2.1 Purchase and Sale. Upon the terms and subject to the conditions of this Agreement, on the Initial Closing Date, Seller will severally sell, assign, transfer, convey, and deliver to Buyer, and Buyer will purchase, acquire, and accept, all right, title, and interest of Seller in, to, and under the Purchased Assets held by Seller. Upon the terms and subject to the conditions of this Agreement, on the Option Closing Date, Seller will severally sell, assign, transfer, convey, and deliver to Buyer, and Buyer will purchase, acquire, and accept, all right, title, and interest of Seller in, to, and under the Optioned Assets held by Seller.

Section 2.2 Purchased Assets

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(a) The term "**Purchased Assets**" means the following assets and rights of whatever kind and nature, tangible or intangible, other than the Excluded Assets, of Seller existing on the Closing Date:

(i) the Precursor Materials;

(ii) the DMFs;

(iii) the Transferred Contracts; and

(iv) the Physical Assets.

(b) Seller and Buyer expressly agree and acknowledge that Buyer is not acquiring any right, title, or interest in or to any of the assets of Seller which are not specifically identified in Section 2.2(a) (the "**Excluded Assets**"). For the avoidance of doubt, such Excluded Assets include, but are not limited to, the following:

(i) any and all intellectual property of the Seller or any of its respective Affiliates, except as set forth in the Nanotherapeutics License Agreement;

(ii) the accounts receivable, pre-paid expenses, and any cash or cash equivalents of Seller or any of its Affiliates relating to the Products or the Purchased Assets for the period prior to the Closing Date;

(iii) any real property or leaseholds (together with all fixtures and fittings related to any property), physical plant, machinery, equipment, supplies (except the Precursor Materials expressly included in the Purchased Assets above), laboratories, or office equipment of the Seller or any of its respective Affiliates;

(iv) any rights under Seller's insurance policies or self-insurance that are related to the Products; and

(v) any books and records, general books of account, and books of original entry.

(c) Buyer acknowledges and agrees that Seller may retain one copy of all or any part of the documentation that they deliver to Buyer hereunder. Buyer also acknowledges and agrees that Seller is retaining certain quantities of assets which are otherwise the subject of the Purchased Assets, including quantities of certain master cell banks and vectors.

Section 2.3 Option. Commencing upon the Closing and extending until the eighteenth monthly anniversary thereof (the "**Option Period**"), Buyer shall have an exclusive option to acquire the Optioned Assets (the "**Option**"). In the event that, during the Option Period, Buyer obtains an award from the Defense Threat Reduction Agency on terms substantially similar to the terms which were set forth in that certain contract designated as #HDTRA1-15-C0012 (the "**DTRA Triggering Award**"), Buyer may exercise the Option by giving notice to Seller during the Option Period. Further, in the event that Buyer does not obtain a DTRA Triggering Award, but obtains an award, funding or contractual commitment that Buyer believes will allow Buyer to advance the development of the Products in a manner comparable to the DTRA Triggering Award (an "**Alternative Triggering Award**"), Buyer may notify Seller that it desires to exercise the Option (the "**Option Exercise**") by delivering to Seller, during the Option Period, a copy of the Alternative Triggering Award and a proposed set of alternative milestone payments in replacement of those set forth in the Nanotherapeutics License Agreement. Upon receipt of such notice, Buyer and Seller shall discuss, in good faith, whether the Alternative Triggering Award would allow Buyer to advance the development of the Products in a manner comparable to the DTRA Triggering Award and appropriate alternative milestone payments in replacement of those set forth in the Nanotherapeutics License Agreement. If (i) Seller, in its reasonable judgment agrees that the Alternative Triggering Award will allow Buyer to advance the development of the Products in a manner comparable to the DTRA Triggering Award, and (ii) Buyer and Seller agree upon, each in their sole discretion, alternative milestone payments and execute an amendment to this Agreement, within the Option Period, providing for alternative milestone payments to replace those set forth in the Nanotherapeutics License Agreement. Buyer may exercise the Option by giving notice to Seller during the Option Period.

Section 2.4 Assumption of Certain Liabilities and Obligations

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(a) Buyer will assume, be responsible for, and pay, perform, and discharge when due the following (collectively, the "**Assumed Liabilities**"):

(i) any Liabilities arising from any product liability or patent or trademark infringement claim or lawsuit first brought by any Third Party, the FDA, or any other Governmental Entity on or after the Closing Date to the extent identified as arising from any of the Products;

(ii) any Liabilities that Buyer expressly assumes or agrees to assume under this Agreement, including Liabilities under the XOMA License Agreements;

(iii) any Liabilities arising from Seller's guarantee of Buyer's performance of the U.S. Government Contracts under a novation agreement between Seller, Buyer and the U.S. Government;

(iv) any Liabilities arising from, or relating to, the performance of the U.S. Government Contracts on or after the Closing Date, regardless of whether such Liabilities relate to events that took place before, on or after the Closing Date; and

(v) except as otherwise provided in this Agreement, all other Liabilities, to the extent arising following the Closing from any of the following actions taken by or on behalf of Buyer, following the Closing: the development, manufacture, marketing, sale, export, distribution, or use of any of the Products and XOMA Derived Products.

(b) Except for the Assumed Liabilities, Buyer will not assume or be liable for any Liabilities arising in connection with any of the Products or any other Purchased Asset (collectively, the "**Excluded Liabilities**").

Section 2.5 Non-Assignability.Notwithstanding anything to the contrary contained in this Agreement, to the extent that the sale, assignment, sublease, transfer, conveyance or delivery or attempted sale, sublease, assignment, transfer, conveyance or delivery to Buyer of any asset that would be a Purchased Asset or any claim or right or any benefit arising thereunder or resulting therefrom is prohibited by any applicable Law or would require any governmental or third party authorizations, approvals, consents or waivers, and such authorizations, approvals, consents or waivers shall not have been obtained prior to the Closing, the Closing shall proceed without the sale, assignment, sublease, transfer, conveyance or delivery of such asset unless such failure causes a failure of any of the conditions to Closing set forth in Article 10, in which event the Closing shall proceed only if the failed condition is waived by the party or parties entitled to the benefit thereof. In the event that the failed condition is waived and the Closing proceeds without the transfer, sublease or assignment of any such asset, then following the Closing, the parties shall use their reasonable best efforts, and cooperate with each other, to obtain promptly such authorizations, approvals, consents or waivers; provided, however, that none of Seller or Buyer or any of their respective Affiliates shall be required to pay any consideration therefor other than filing, recordation or similar fees which shall be paid by Buyer. Pending such authorization, approval, consent or waiver, the parties shall cooperate with each other in any mutually agreeable, reasonable and lawful arrangements designed to provide to Buyer the benefits of use of such asset and to Seller the benefits, including any indemnities, that they would have obtained had the asset been conveyed to Buyer at the Closing. Once authorization, approval, consent or waiver for the sale, assignment, sublease, transfer, conveyance or delivery of any such asset not sold, assigned, subleased, transferred, conveyed or delivered at the Closing

is obtained, Seller shall assign, transfer, convey and deliver such asset to Buyer at no additional cost. To the extent that any such asset cannot be transferred or the full benefits of use of any such asset cannot be provided to Buyer following the Closing pursuant to this Section 2.5, then Buyer and Seller shall enter into such arrangements (including subleasing, sublicensing or subcontracting) to provide to the parties hereto the economic (taking into account Tax costs and benefits) and operational equivalent, to the extent permitted, of obtaining such authorization, approval, consent or waiver and the performance by Buyer of the obligations thereunder, which shall include, with respect to the NIAID Contract, entering into the NIAID Subcontract and transferring possession from Seller to Buyer of the Product Inventory. Seller shall hold in trust for and pay to Buyer promptly upon receipt thereof, all income, proceeds and other monies received by Seller in connection with its use of any asset (net of any Taxes and any other costs imposed upon Seller) in connection with the arrangements under this Section 2.5.

ARTICLE III
PURCHASE PRICE

Section 3.1 Purchase Price. As additional consideration for the transfer of the Purchased Assets, Buyer shall deliver to Seller a certificate representing Twenty-Three Thousand and Eight (23,008) shares of Common Stock within three (3) Business Days of the execution of the DTRA Contract (the "**Purchase Price**").

Section 3.2 Allocation of Purchase Price. As soon as practicable following the Option Closing Date, Seller shall deliver to Buyer an allocation of the Purchase Price among the Purchased Assets and the Optioned Assets prepared in accordance with applicable Law (the "**Allocation**"). Seller shall prepare the Allocation in a manner consistent with the methodology set forth on Exhibit D. For purposes of preparing the Allocation, Seller shall be entitled to determine, in its sole discretion, the fair market value of the Common Stock comprising the Purchase Price based on its determination of the value per share of such Common Stock. Seller will give Buyer reasonable opportunity to review and comment on the Allocation and Seller will consider in good faith any comments that Buyer has with respect to the Allocation. If Buyer does object to such Allocation within fifteen (15) days of receiving such Allocation, Seller and Buyer shall seek in good faith for thirty (30) days thereafter to resolve any disagreements between them with respect to such draft Allocation. If Seller and Buyer are unable to agree on the Allocation, then such Allocation shall not be binding on Seller, Buyer or their Affiliates. If Seller and Buyer agree on the Allocation, Seller, Buyer and their Affiliates shall report and file all Tax Returns in all respects and for all Tax purposes consistent with such agreed-to Allocation and none of Buyer, Seller or their Affiliates shall take any Tax position (whether in audits, Tax Returns or otherwise) that is inconsistent with such agreed-to Allocation unless required to do so by applicable Law.

Section 3.3 Transfer Taxes. All transfer, sales, value added, stamp duty, and similar Taxes payable in connection with the transactions contemplated hereby (collectively, the "**Transfer Taxes**") will be borne by Buyer. The party responsible for filing any Tax Return with respect to such Taxes shall properly and promptly file such Tax Return. Seller and Buyer shall cooperate with each other and use their reasonable efforts to minimize the Transfer Taxes attributable to the transfer of the Purchased Assets and shall use commercially reasonable efforts to obtain any exemption or other similar certificate from any Governmental Entity as may be necessary to mitigate such Taxes. Buyer shall reimburse Seller for any Transfer Taxes paid by Seller on Buyer's behalf.

ARTICLE IV
THE CLOSING

Section 4.1 Closing Dates. Subject to the satisfaction or waiver of all the conditions set forth in this Article IV and subject to Article X, the initial closing of the transactions contemplated by this Agreement (the "**Initial Closing**") shall take place at the offices of Morrison & Foerster LLP, 425 Market Street, San Francisco, CA 94105 at 10:00 a.m. (local time) as soon as practicable (and in no event later than the fifth (5th) Business Day) after all the conditions set forth in this Article IV are satisfied or waived, or earlier as mutually agreed to by the parties. The Option closing shall take place at the offices of Morrison & Foerster LLP, 425 Market Street, San Francisco, CA 94105 at 10:00 a.m. (local time) as soon as practicable (and in no event later than the fifth (5th) Business Day) after the Option Exercise ("**Option Closing**"). "**Closing Date**" means the date upon which the Initial Closing and/or the Option Closing occurs, as applicable.

Section 4.2 Closing Deliveries.

(a) Initial Closing. Contemporaneously with the Initial Closing, each party agrees on its own behalf, as applicable, to deliver such instruments of conveyance, assignment, transfer, and assumption, in form and substance reasonably satisfactory to Buyer and Seller, as may be necessary in order to consummate the transaction contemplated hereby, including the following:

(i) Deliveries by Seller or its Affiliates to Buyer:

(1) a duly executed Bill of Sale with respect to the Purchased Assets;

(2) a duly executed Nanotherapeutics License Agreement;

(3) all necessary instruments relating to the assignment of the DMFs in accordance with the FDA guidance provided in Drug Master Files: Guidelines, September 1989, Section VII.E.; and

(4) all other instruments necessary, in Buyer's reasonable opinion, to transfer the Purchased Assets; provided that Buyer shall give reasonable notice of the need for such instruments prior to the Initial Closing.

(ii) Deliveries by Buyer or its Affiliates to Seller:

(1) a duly executed Assumption Agreement with respect to the Purchased Assets;

(2) a duly executed Nanotherapeutics License Agreement; and

(3) all other instruments necessary, in Seller's reasonable opinion, for Buyer to assume the Assumed Liabilities; provided that Seller shall give reasonable notice of the need for such instruments prior to the Initial Closing.

(b) Option Closing. Contemporaneously with the Option Closing, each party agrees on its own behalf, as applicable, to deliver such instruments of conveyance, assignment, transfer, and assumption, in form and substance reasonably satisfactory to Buyer and Seller, as may be necessary in order to consummate the transaction contemplated hereby, including the following:

(i) Deliveries by Seller or its Affiliates to Buyer:

(1) a duly executed Bill of Sale with respect to the Optioned Assets;

(2) all other instruments necessary, in Buyer's reasonable opinion, to transfer the Optioned Assets; provided that Buyer shall give reasonable notice of the need for such instruments prior to the Option Closing.

(ii) Deliveries by Buyer or its Affiliates to Seller:

(1) a duly executed Assumption Agreement with respect to the Optioned Assets;

(2) all other instruments necessary, in Seller's reasonable opinion, for Buyer to assume the Assumed Liabilities; provided that Seller shall give reasonable notice of the need for such instruments prior to the Option Closing.

Buyer shall be responsible for the recording and registration of all assignments and instruments referred to in Section 4.2(a)(i) and Section 4.2(b)(i) above, and in any property covered by such assignments and instruments.

Section 4.3 Transfer of Title; Insurance. Title and risk of loss or damage to the Purchased Assets shall pass to Buyer on the Closing Date at the place established for Closing in Section 4.1. As of the Closing Date, the Purchased Assets shall cease to be insured by Seller's insurance policies or by Seller's self-insurance, as the case may be, and Buyer shall have no right or obligation with respect to any such policy.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby severally represents and warrants to Buyer as of the date of this Agreement and as of the Closing Date as follows:

Section 5.1 Seller's Organization; Good Standing. Seller is either a limited liability company or a company organized under the laws of its jurisdiction of organization or formation. Seller has the requisite power and authority to own the Purchased Assets owned by Seller and to carry on its business as currently conducted. Seller is duly qualified to conduct business as a foreign corporation and is in good standing in each jurisdiction where the nature of the business conducted by it makes such qualification necessary, except where the failure to so qualify or be in good standing would not have a Material Adverse Effect.

Section 5.2 Authority; Execution and Delivery. Seller has the requisite company power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by Seller and the consummation of the transactions contemplated hereby have been duly and validly authorized by all requisite corporate action on the part of Seller. This Agreement has been duly executed and delivered by Seller and, assuming the due authorization, execution and delivery of this Agreement by Buyer, will constitute the legal, valid, and binding obligation of Seller, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer, and other similar laws affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith, and fair dealing) regardless of whether considered in a proceeding in equity or at law.

Section 5.3 Consents; No Violation, Etc. Except as set forth on Schedule 5.3, the execution and delivery of this Agreement do not, and the consummation of the transactions contemplated hereby and the compliance with the terms hereof will not, (a) result in any violation of or default (or an event which, with notice or lapse of time or both, would constitute a default) under (i) any Law or Governmental Order applicable to Seller or the Purchased Assets held by Seller, (ii) any provision of the certificate of incorporation or by-laws (or similar organizational document) of Seller or (iii) any material Contract of Seller which would result in an Encumbrance on any of the Purchased Assets sold by Seller; or (b) give rise to any approval, authorization, consent, license, filing, or registration with any court, arbitrator or Governmental Entity or Third Party; provided, however, that no representation or warranty is made in the foregoing clauses (a)(i), (a)(iii), or (b) with respect to matters that, individually or in the aggregate, would not result in a Material Adverse Effect.

Section 5.4 Title to Purchased Assets. Except as set forth on Schedule 5.4, Seller has good and valid title to all of the Purchased Assets held by Seller free and clear of all Encumbrances (other than Permitted Encumbrances).

Section 5.5 Intellectual Property. Except as set forth on Schedule 5.5, Seller and its Affiliates are the sole and exclusive owner of the XOMA Patents and hold all right, title, and interest in XOMA Patents free and clear of all Encumbrances (other than Permitted Encumbrances).

Section 5.6 Litigation. Except as disclosed on Schedule 5.6, as of the date hereof, (a) there is no litigation proceeding that has been served on Seller that remains pending and relates primarily to the Products; and (b) to the Knowledge of Seller, there is no claim threatened or investigation pending or threatened against Seller that relates to the Products or otherwise relates to the Purchased Assets which (i) if adversely determined would result in a Material Adverse Effect; or (ii) challenges or seeks to prevent or enjoin the transactions contemplated by this Agreement. To the Knowledge of Seller, the U.S. Government inquiry into NIAID contract HHSN272200800028C, as disclosed on Schedule 5.6, relates to Seller's billing practices and not with regard to the Products.

Section 5.7 Regulatory Issues. Except as set forth on Schedule 5.7, or as would not have a Material Adverse Effect, during the two (2) years immediately prior to the date of this Agreement, with respect to each of the Products only, Seller has not received or been subject to: (i) any FDA Notices of Adverse Findings/FDA 483 Observations relating to any of the Products; or (ii) any warning letters or other written correspondence from the FDA concerning any of the Products in which the FDA asserted that the operations of Seller were not in compliance with applicable Laws, Governmental Orders or guidelines with respect to any of the Products.

Section 5.8 Compliance with Laws. Except as set forth on Schedule 5.8, Seller is in compliance in all material respects with all Laws and Governmental Orders applicable to it which relate primarily to the Products or the Purchased Assets, except where the failure to so comply would not have a Material Adverse Effect. Except as set forth on Schedule 5.8 or excepts as would not have a Material Adverse Effect, Seller has not received any written notice within the past two (2) years (a) of any asserted violation of any Law or Governmental Orders; or (b) that any investigation or review by any Governmental Entity with respect to the Purchased Assets held by Seller is pending.

Section 5.9 No Brokers. Seller has not entered into any agreement, arrangement, or understanding with any Person or firm which will result in the obligation to pay any finder's fee, brokerage commission, or similar payment in connection with the transactions contemplated hereby.

Section 5.10 Inventory. All bulk product and finished Product Inventory was manufactured, packaged, labeled, tested, stored, and handled in accordance with the Good Manufacturing Practices as defined under 21 U.S.C. § 351 (a)(2)(B) as applicable and in effect on the date such action was taken. Buyer acknowledges that the Product Inventory is not owned by Seller.

Section 5.11 Exclusive Representations and Warranties. Other than the representations and warranties set forth in this Article V, Seller is not making any other representations or warranties, express or implied, with respect to any of the Products or the Purchased Assets. Seller hereby disclaims any other express or implied representations or warranties, including regarding any financial projections or other forward-looking statements provided by or on behalf of Seller.

ARTICLE VI
CERTAIN COVENANTS AND AGREEMENTS OF SELLER

Section 6.1 Conduct of Business. From and after the date of this Agreement up to the Closing Date, Seller will conduct the Business in the ordinary course of business consistent with past practice; and use commercially reasonable efforts to preserve, in all material aspects, the good relations of Seller with respect to the Products with Governmental Entities. Without limiting the generality of the foregoing, Seller will not, without the prior written consent of Buyer (such consent not to be unreasonably withheld or delayed):

(a) dispose of or transfer any asset which would form part of the Purchased Assets, except in the ordinary course of business;

(b) enter into any licenses of intellectual property, or any other material leases, licenses, contracts, or commitments, relating to the Purchased Assets, except as required under the U.S. Government Contracts;

(c) create any indebtedness or obligation which would be or would reasonably be expected to become an Encumbrance on any Purchased Asset;

(d) except as provided in Schedule 6.1(d), settle, or offer or propose to settle, (i) any litigation, investigation, arbitration, proceeding, or other claim involving or the Products; or (ii) any litigation, arbitration, proceeding, or dispute that relates to the transactions contemplated hereby; or

(e) agree, resolve or commit to do any of the foregoing.

Section 6.2 Manufacturing Documents; XOMA Know-How.

(a) On or prior to the Closing, Seller shall have electronically delivered to Buyer one copy of the XOMA BOT Know-How and the XOMA General Know-How, in each case as are listed on or contained in Schedule 6.2. Within five (5) days following the Closing Date, Seller shall deliver a DVD copy of the electronic data room maintained by Ansarada.

(b) To the extent that Buyer discovers following the Closing that it requires any documents that constitute Manufacturing Documentation, and such documents were not so provided to Buyer at Closing, Buyer shall provide written notice to Seller requesting the delivery thereof. To the extent that such Manufacturing Documentation is in existence and is owned or controlled by Seller, and to the extent Seller is permitted to provide such Manufacturing Documentation to Buyer, Seller shall make commercially reasonable efforts to locate and deliver or make available to Buyer, either electronically or on paper, one copy of such Manufacturing Documentation.

ARTICLE VII
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to Seller as of the date of this Agreement and as of the Closing Date as follows:

Section 7.1 Buyer's Organization; Good Standing. Buyer is a corporation duly organized, validly existing and in good standing under the laws of Delaware. Buyer has all requisite corporate power and authority to carry on its business as it is currently being conducted. Buyer is duly qualified to conduct business as a foreign corporation and is in good standing in every jurisdiction where the nature of the business conducted by it makes such qualification necessary, except where the failure to so qualify or be in good standing would not prevent or materially delay the consummation of the transactions contemplated hereby.

Section 7.2 Authority; Execution and Delivery. Buyer has the requisite corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by Buyer and the consummation of the transactions contemplated hereby have been duly and validly authorized by all requisite corporate, shareholder and Board of Directors action on the part of Buyer. This Agreement has been duly executed and delivered by Buyer and, assuming the due authorization, execution and delivery of this Agreement by Seller, constitutes the legal, valid, and binding obligation of Buyer, enforceable against Buyer in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer, and other similar laws affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith, and fair dealing) regardless of whether considered in a proceeding in equity or at law.

Section 7.3 Consents; No Violations, Etc. The execution and delivery of this Agreement do not, and the consummation of the transactions contemplated hereby and the compliance with the terms hereof will not, (a) result in any violation of or default (or an event which, with notice or lapse of time or both, would constitute a default) under (i) any Law or Governmental Order applicable to Buyer; (ii) any provision of the certificate of formation or operating agreement (or similar organizational document) of Buyer; or (iii) any material Contract to which Buyer is a party or otherwise bound; or (b) give rise to any approval, authorization, consent, license, filing or registration with any court, arbitrator or Governmental Entity; provided, however, that no representation or warranty is made in the foregoing clauses (a)(i), (a)(iii), or (b) with respect to matters that, individually or in the aggregate, would not prevent or materially delay Buyer's performance of its obligations hereunder.

Section 7.4 Litigation. As of the date hereof, there is no suit, claim, action, investigation, or proceeding pending or, to the knowledge of Buyer, threatened against Buyer or any of its Affiliates which if adversely determined would prevent or materially delay the ability of Buyer to perform its obligations hereunder.

Section 7.5 No Brokers. Buyer has not entered into any agreement, arrangement, or understanding with any Person or firm which will result in the obligation to pay any finder's fee, brokerage commission, or similar payment in connection with the transactions contemplated hereby.

Section 7.6 Availability of Funds. Buyer has cash available that is sufficient to enable it to make payment of the Purchase Price and any other amounts to be paid by it hereunder without the necessity of any Third Party financing.

Section 7.7 Capital Stock. Immediately prior to Closing, Two Million Two Hundred Seventy-Seven Thousand Seven Hundred Sixty-One (2,277,761) shares of Common Stock are issued and outstanding. The Common Stock issued to Seller will be duly and validly issued, fully paid, and nonassessable, and will be free of restrictions on transfer other than restrictions on transfer under applicable state and federal securities laws.

Section 7.8 As-Is Sale. BUYER ACKNOWLEDGES AND AGREES THAT, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT: (A) IT HAS BEEN FURNISHED WITH OR GIVEN ADEQUATE ACCESS TO THE INFORMATION ABOUT THE PRODUCTS AND PURCHASED ASSETS AS IT HAS REQUESTED; (B) IT HAS CARRIED OUT AN APPROPRIATE DUE DILIGENCE INVESTIGATION CONCERNING THE INFORMATION GIVEN BY SELLER ON THE PRODUCTS AND PURCHASED ASSETS AND IS TAKING FULL RESPONSIBILITY FOR MAKING ITS OWN INDEPENDENT EVALUATION OF THE PRODUCTS AND PURCHASED ASSETS; (C) EXCEPT IN THE CASE OF FRAUD, IT WILL NOT ASSERT ANY CLAIM AGAINST SELLER OR ANY OF ITS EMPLOYEES, AGENTS, STOCKHOLDERS, AFFILIATES, OR ANY REPRESENTATIVES OR HOLD SELLER OR ANY SUCH PERSONS LIABLE FOR ANY INACCURACIES, MISSTATEMENTS, OR OMISSIONS WITH RESPECT TO INFORMATION FURNISHED BY SELLER, ITS AFFILIATES, OR REPRESENTATIVES (EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES CONTAINED IN ARTICLE V OF THIS AGREEMENT OR THE ANCILLARY DOCUMENTS); (D) SELLER MAKES ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AT LAW OR IN EQUITY, IN RESPECT OF ANY OF THE PRODUCTS OR THE PURCHASED ASSETS, INCLUDING WITH RESPECT TO MERCHANTABILITY, NON-INFRINGEMENT, OR FITNESS FOR ANY PARTICULAR PURPOSE OR USE, AND ANY SUCH OTHER REPRESENTATIONS OR WARRANTIES ARE HEREBY EXPRESSLY DISCLAIMED; (E) SELLER MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE ACCURACY AND COMPLETENESS OF ANY ESTIMATES, PROJECTIONS, FORECASTS, PLANS, BUDGETS, OR ANY FINANCIAL STATEMENTS MADE AVAILABLE BY SELLER TO BUYER; AND (F) BUYER IS PURCHASING THE PURCHASED ASSETS ON AN "AS-IS, WHERE-IS" BASIS. THIS SECTION 7.8 SHALL SURVIVE ANY CLOSING AND ANY TERMINATION OF THIS AGREEMENT.

ARTICLE VIII
CERTAIN COVENANTS AND AGREEMENTS OF BUYER

Section 8.1 Assumption of Regulatory Commitments. Except for the Excluded Liabilities, from and after the Closing Date, Buyer will assume control of, and responsibility for all costs, obligations, and Liabilities arising from or related to, any commitments or obligations to any Governmental Entity arising under applicable U.S. Law, Governmental Order, or regulation and involving any of the Products.

Section 8.2 Adverse Event Data. Buyer agrees to share safety and adverse event data generated after the Closing Date with Seller and its Affiliates in the event such data is necessary or useful to in any regulatory submission, product registration, or dossier filed or to be filed by Seller or any of its Affiliates.

ARTICLE IX
OTHER COVENANTS AND AGREEMENTS

Section 9.1 Transfer of the DMFs. As soon as practicable following the Closing and in any event within three (3) weeks following the Closing Date, Seller shall deliver to Buyer one copy of the DMFs. The parties hereto agree to use their reasonable efforts to take any other actions required by the FDA to effect the transactions contemplated hereby. Promptly following, but in no event later than five (5) Business Days following the Closing Date, Seller will transmit letters substantially in the form attached as Exhibit E-1 hereto to the FDA and Buyer will transmit letters substantially in the form attached as Exhibit E-2 hereto to the FDA, and each of the parties will take any other actions necessary to effect the transfer of the DMF from the applicable Seller to Buyer. Simultaneous with the transmission of the letters in the form attached as Exhibits E-1 and E-2 to the FDA, Buyer shall grant a right of reference to Seller and its Affiliates by executing and delivering the Letter of Reference. Except as otherwise expressly provided for herein, each party will bear its own costs related thereto.

Section 9.2 Maintenance of the DMF Pending Completion of Transfer.

(a) Maintenance. Until the completion of the transfer of the DMF to Buyer (or its Affiliates), Seller shall make commercially reasonable efforts to maintain the DMF.

(b) Costs . Buyer, or its Affiliates, shall bear any Third Party fees levied by the relevant Governmental Entity and any other relevant cost for the maintenance of the DMFs and for the transfer to Buyer (or its Affiliates) after the Closing.

Section 9.3 Assignment of XOMA License Agreements. In the event that (i) Buyer does not exercise its Option in accordance with Section 2.3, on or before the end of the Option Period or (ii) Buyer notifies Seller that it will not exercise the Option, Seller may request that Buyer assign to Seller the XOMA License Agreements. Within five (5) Business Days of such a request by Seller, Buyer shall assign the XOMA License Agreements to Seller.

Section 9.4 Press Releases. Buyer and Seller shall not at any time (and Buyer and Seller shall not permit at any time their respective Affiliates to) publicly disclose the execution, delivery, or contents of this Agreement, other than (a) with the prior written consent of the other parties hereto or (b) as required by any applicable Law or Governmental Order, any Governmental Entity, or any applicable securities exchange upon prior notice to the other parties hereto. Buyer and Seller shall agree with each other as to the form, timing, and substance of any press release or public disclosure related to this Agreement or the transactions contemplated hereby; provided, however, that nothing contained herein shall prohibit Buyer or Seller (or its respective Affiliates), following notification and consultation with the other party, from making any disclosure if required by any applicable Law or Governmental Order, any Governmental Entity, or any applicable securities exchange.

Section 9.5 Employment Matters.

(a) Offer of Employment for Eligible Employees. On or prior to the Closing, Buyer shall have offered each Eligible Employee a position with Buyer on terms which are comparable, taken as a whole, to those set forth on Schedule 9.5(d), such offer contingent upon completion of the Closing. Buyer shall notify Seller as to which Eligible Employees accept such offers of employment from the Buyer (referred to herein as "**Transferred Employees**"). Seller shall terminate the employment of each Transferred Employees no later than five (5) Business Days after receipt of such notice from Buyer.

(b) No Continued Employment. Seller nor its Affiliates shall, directly or indirectly, solicit the continued employment of any Eligible Employee or the employment of any Transferred Employees after the Closing (unless and until (i) Buyer has informed Seller in writing that the particular Eligible Employee has declined the offer of employment from Buyer, or (ii) three (3) months after the Closing, whichever occurs first).

(c) No On-Going Employment Commitment. It is understood and agreed that (a) Buyer's extension of offers of employment as set forth in this section shall not constitute any commitment, contract or understanding (expressed or implied) of any obligation on the part of Buyer to a post-Closing employment relationship of any fixed term or duration or upon any terms or conditions other than those that Buyer may establish pursuant to individual offers of employment, and (b) employment offered by Buyer is "at will" and may be terminated by Buyer or by an employee at any time for any reason (subject to any written commitments to the contrary made by Buyer or an employee and pursuant to Law). Nothing in this Agreement shall be deemed to prevent or restrict in any way the right of Buyer to terminate, reassign, promote or demote any of the Transferred Employees after the Closing or to change adversely or favorably the title, powers, duties, responsibilities, functions, locations, salaries, other compensation or terms or conditions of employment of such employees.

(d) Employee Information. Schedule 9.5(d) sets forth a list of Eligible Employees, each such Eligible Employee's job title and duties at Seller, base salary or hourly rate (as applicable) at Seller, bonus and retention pay and date of hire at Seller, the Seller Plans in which such Eligible Employee is eligible to participate, the primary geographic location of his or her employment with Seller as of the date hereof, and the Eligible Employee's status at Seller broken down into the following categories: (i) active, (ii) inactive on leave of absence with re-employment rights and (iii) on short-term disability under Seller's short-term disability policy.

Section 9.6 Novation Assistance. Upon Seller's request, Buyer shall use commercially reasonable efforts to assist Seller and its Affiliates in obtaining novations of the Transferred Contracts, including providing such information and executing such documents as reasonably required to support or effectuate such novations.

Section 9.7 RO1 Award. Following Closing, Buyer shall (i) use commercially reasonable efforts to assist Seller in obtaining the assignment to Buyer of that certain grant award and related contracts made by The National Institutes of Health and designated as Grant Number 1R01AI104579-01, and (ii) shall accept such assignment.

ARTICLE X
CONDITIONS PRECEDENT

Section 10.1 Conditions of Performance by Seller and Buyer. The obligations of the parties to consummate the transactions contemplated by this Agreement are subject to the fulfillment (or waiver where permissible) prior to the Closing of the following conditions:

(a) NIAID Subcontract. The National Institute of Allergies and Infectious Diseases shall have consented in writing to Seller and Buyer entering into the NIAID Subcontract and transferring possession from Seller to Buyer of the Product Inventory.

(b) No Injunctions; Actions. There shall not: (i) be in effect any Law or Governmental Order which makes illegal or enjoins or prevents in any respect the consummation of the transactions contemplated by this Agreement; or (ii) have been commenced, and shall be continuing, an action or proceeding by any Governmental Entity which seeks to prevent or enjoin in any material respect the transactions contemplated hereby or making the consummation of such transactions illegal and which in the reasonable judgment of Seller or Buyer is reasonably likely to result in the issuance of such an injunction.

Section 10.2 Buyer's Conditions. Buyer's obligation to consummate the transactions contemplated by this Agreement is further subject to the fulfillment at or prior to the Closing of each of the following conditions, any of which may be waived by Buyer in its sole discretion:

(a) all representations and warranties of Seller contained in this Agreement shall be true and correct as of the Closing except for such representations and warranties that address matters as of a particular date which need be true only as of the particular date specified therein, except where the failure of such representations and warranties of Seller to be true and correct would not have a Material Adverse Effect;

(b) Seller shall have performed or complied in all material respects with all covenants and agreements required to be performed or complied with by them hereunder on or prior to the Closing and shall have tendered the required documents at the Closing as set forth in Section 4.2(a); and

(c) Buyer shall have received a certificate signed by an executive officer of the Seller certifying as to the satisfaction of the conditions set forth in Section 10.2(a) and Section 10.2(b).

Section 10.3 Seller's Conditions. Seller's obligation to consummate the transactions contemplated by this Agreement is further subject to the fulfillment of each of the following conditions, any of which may be waived by Seller in writing in their sole discretion:

(a) all representations and warranties of Buyer contained in this Agreement shall be true and correct in all material respects (in the case of any representation or warranty without any materiality qualification) or in all respects (in the case of any representation or warranty containing any materiality qualification) on the date hereof and as of the Closing, except for the warranties that address matters as of a particular date which need be true in all material respects (in the case of any representation or warranty without any materiality qualification) or in all respects (in the case of any representation or warranty containing any materiality qualification) only as of the particular date specified therein;

(b) Buyer shall have performed or complied in all material respects with all covenants required to be performed or complied with by it hereunder on or prior to the Closing and shall have tendered the cash and required documents at the Closing as set forth in Section 4.2(a)(ii); and

(c) Seller shall have received a certificate signed by an executive officer of Buyer certifying as to the satisfaction of the conditions set forth in Section 10.3(a) and Section 10.3(b).

ARTICLE XI
INDEMNIFICATION

Section 11.1 Survival. All representations and warranties of Seller and Buyer contained herein or made pursuant hereto will survive the Closing Date for a period of twelve (12) months after the Closing Date, the covenants and agreements of the parties hereto contained in this Agreement will survive until the later of twelve (12) months following the Closing Date or until fully performed, and the indemnification obligations contained in Section 11.2(a)(iii) will survive the Closing Date indefinitely (as applicable, the "**Survival Period**"). Any right of indemnification pursuant to this Article XI hereof with respect to a claimed breach of a representation, warranty, or covenant will expire on the last day of the applicable Survival Period of the representation, warranty, or covenant claimed to be breached, unless on or prior to such date the party from whom indemnification is sought will have received notice of a good faith claim in accordance with the provisions of Section 11.7 hereof.

Section 11.2 Indemnification by Seller.

(a) From and after Closing, Seller hereby agrees to indemnify Buyer and its Affiliates and their respective officers, directors, and employees (the "**Buyer Indemnified Parties**") against, and agrees to hold them harmless from, any Loss incurred or suffered by such Buyer Indemnified Party to the extent such Loss arises from the following:

(i) any breach by Seller of any representation or warranty made by it contained in this Agreement (or any Ancillary Agreement) that results in a Loss relating to the Purchased Assets;

(ii) any breach by Seller of any of its covenants contained in this Agreement (or any Ancillary Agreement);

(iii) any Excluded Liability; or

(iv) any Liabilities arising from, or relating to, the performance of the U.S. Government Contracts to the extent such Liabilities relate to events that took place before the Closing Date ("**XOMA's Government Contract Liabilities**").

(b) Notwithstanding the foregoing, the indemnifications in favor of the Buyer Indemnified Parties contained in Section 11.2(a)(i) above shall be subject to the following limitations: (i) in no event shall the Buyer Indemnified Parties be entitled to receive payment for indemnification for claims made pursuant to Section 11.2(a)(i), except to the extent that the Buyer Indemnified Parties (collectively) have actually incurred Losses under Section 11.1 that exceed in the aggregate Two Hundred Fifty Thousand Dollars ($250,000.00) (the "**Deductible**"), in which event the Buyer Indemnified Parties will be entitled to reimbursement for Buyer claims solely to the extent such Buyer claims are in excess of the Deductible; provided, however, that no Losses may be claimed by a Buyer Indemnified Party and no Losses shall be included in calculating the aggregate Losses set forth in this clause (i) other than Losses in excess of One Hundred Thousand Dollars ($100,000.00) resulting from any single claim or series of related claims; and (ii) the Buyer Indemnified Parties shall be entitled to reimbursement for the amount of Losses incurred under Section 11.2(a)(i) in the aggregate solely up to One Million Five Hundred Thousand Dollars ($1,500,000.00) (the "**Seller's Cap**") and Seller will thereafter have no further obligations or liabilities with respect to any such Losses under Section 11.2(a)(i) in excess of the Seller's Cap; provided further, that the Deductible and the Seller's Cap shall not apply with respect to the XOMA's Government Contract Liabilities.

(c) Buyer acknowledges and agrees that the indemnification provided in this Article XI and the indemnification provided in any of the Ancillary Agreements will be the sole and exclusive remedy for all Losses related to or arising at Law, under any statute, or in equity or otherwise out of this Agreement or the Ancillary Agreements or the transactions contemplated hereby or thereby (other than claims of or causes of action arising from fraud) and, in furtherance thereof, Buyer waives, from and after the Closing, to the fullest extent permitted under applicable Law, any and all rights, claims, actions, or causes of action (other than claims or causes of action arising from fraud) it may have against Seller or any of its respective Affiliates relating to the subject matter of this Agreement or any of the Ancillary Agreements, other than the remedies provided in this Article XI, or any other provision of this Agreement or contained in any Ancillary Agreement; provided, however, that Buyer shall be entitled to seek temporary or permanent injunctive relief in order to enforce its rights under this Article XI, or under any other provision of this Agreement or as provided under any of the Ancillary Agreements. Notwithstanding the foregoing, nothing shall prohibit Buyer from seeking specific performance pursuant to Section 13.11 hereof or pursuant to any Ancillary Agreement to the extent provided for therein.

Section 11.3 Indemnification by Buyer. Buyer hereby agrees to indemnify Seller and its respective Affiliates and their respective officers, directors, and employees (the "Seller Indemnified Parties") against, and agrees to hold them harmless from, any Loss incurred or suffered by Seller Indemnified Party to the extent such Loss arises from or in connection with the following:

(i)

(i) any breach by Buyer of any representation or warranty made by it contained in this Agreement (or any Ancillary Agreement);

(ii) any breach by Buyer of any of its covenants contained in this Agreement (or any Ancillary Agreement); or

(iii) any Assumed Liability.

Section 11.4 Reductions. The amount of any Loss for which indemnification is provided under this Article XI will be net of (a) any amounts recovered or recoverable by the Indemnified Party under insurance policies or other Third Party indemnification proceeds with respect to such Loss; and (b) any tax benefit realized by the Indemnified Party arising from the incurrence or payment of any such Losses.

Section 11.5 Insurance. The Indemnified Party agrees to pursue and to use its commercially reasonable efforts to collect on any recovery available with respect to any Losses subject to an indemnification claim under insurance policies. In determining the amount of Losses with respect to any claim for indemnification, there shall be deducted from such amount the amount of any proceeds actually received from insurance or from any other Person responsible for Losses by the Indemnified Party (or by any other Buyer Indemnified Party or Seller Indemnified Party, as applicable) in relation to such claim. If the Indemnified Party receives any amounts under applicable insurance policies or from any other Person responsible for Losses, subsequent to an indemnification payment by the Indemnifying Party, then such Indemnified Party shall promptly reimburse the Indemnifying Party for any payment made or expense incurred by such Indemnifying Party in connection with providing such indemnification up to the amount actually received by the Indemnified Party, net of any reasonable expenses incurred by such Indemnified Party in collecting such amount.

Section 11.6 Mitigation. The Indemnified Party making a claim hereunder shall use its commercially reasonable efforts to mitigate any Losses that such Indemnified Party asserts pursuant to this Article XI.

Section 11.7 Procedure.

(a) In order for an indemnified party under this Article XI (an "**Indemnified Party**") to be entitled to any indemnification provided for under this Agreement, such Indemnified Party will, promptly following the discovery of the matters giving rise to any Loss, notify the indemnifying party under this Article XI (the "**Indemnifying Party**") in writing of its claim for indemnification for such Loss, specifying in reasonable detail the nature of such Loss and the amount of the liability estimated to accrue therefrom; provided, however, that failure to give such prompt notification will not affect the indemnification provided hereunder except to the extent the Indemnifying Party will have been actually prejudiced as a result of such failure (except that the Indemnifying Party will not be liable for any expenses incurred during the period in which the Indemnified Party failed to give such notice). Thereafter, the Indemnified Party will deliver to the Indemnifying Party, within five (5) Business Days after the Indemnified Party's receipt of such request, all information and documentation reasonably requested by the Indemnifying Party with respect to such Loss.

(b) If the indemnification sought pursuant hereto involves a claim made by a Third Party against the Indemnified Party (a "**Third Party Claim**"), the Indemnifying Party will be entitled to participate in the defense of such Third Party Claim and, if it so chooses, to assume the defense of such Third Party Claim with counsel selected by the Indemnifying Party. Should the Indemnifying Party so elect to assume the defense of a Third Party Claim, the Indemnifying Party will not be liable to the Indemnified Party for any legal expenses subsequently incurred by the Indemnified Party in connection with the defense thereof. If the Indemnifying Party assumes such defense, the Indemnified Party will have the right to participate in the defense thereof and to employ counsel, at its own expense, separate from the counsel employed by the Indemnifying Party, it being understood that the Indemnifying Party will control such defense. The Indemnifying Party will be liable for the reasonable fees and expenses of counsel employed by the Indemnified Party for any period during which the Indemnifying Party has not assumed the defense thereof (other than during any period in which the Indemnified Party will have failed to give notice of the Third Party Claim as provided above). If the Indemnifying Party chooses to defend or prosecute a Third Party Claim, all of the parties hereto will cooperate in the defense or prosecution thereof. Such cooperation will include the retention and (upon the Indemnifying Party's request) the provision to the Indemnifying Party of records and information that are reasonably relevant to such Third Party Claim, and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. If the Indemnifying Party chooses to defend or prosecute any Third Party Claim, the Indemnifying Party will not settle, compromise, or discharge such Third Party Claim, to the extent that it involves any agreement, performance, or observance by the Indemnified Party, without the Indemnified Party's prior written consent (which shall not be unreasonably withheld, conditioned, or delayed). Whether or not the Indemnifying Party will have assumed the defense of a Third Party Claim, the Indemnified Party will not admit any liability with respect to, or settle, compromise, or discharge, such Third Party Claim without the Indemnifying Party's prior written consent (which shall not be unreasonably withheld, conditioned, or delayed).

ARTICLE XII
TERMINATION

Section 12.1 Termination. This Agreement may be terminated:

(a) by the mutual written agreement of Seller and Buyer;

(b) by Seller or Buyer upon written notice to the other if there shall be in effect any Law, or any Governmental Order which shall have become binding and nonappealable, in the United States which makes illegal or permanently prohibits or enjoins the consummation of the transactions contemplated by this Agreement; or

(c) by Seller or Buyer upon notice to the other if the Closing shall not have occurred on or before December 15, 2015; provided, however, that the right to terminate this Agreement pursuant to this Section 12.1(c) shall not be available to such party whose failure to fulfill any obligation under this Agreement has caused, or resulted, in the failure of the Closing to occur on or before such date.

Section 12.2 Effect of Termination. Upon any termination of this Agreement pursuant to Section 12.1, no party shall thereafter have any further Liability but no such termination shall relieve either party of any Liability to the other party for any breach of this Agreement or fraud prior to the date of such termination. The provisions of this Section 12.2 and Article XII shall survive any termination of this Agreement pursuant to Section 12.1.

ARTICLE XIII
GENERAL PROVISIONS

Section 13.1 Expenses. Except as otherwise specified in this Agreement, all costs and expenses, including fees and disbursements of counsel, financial advisors, and accountants, incurred in connection with this Agreement and the transactions contemplated hereby will be paid by the party incurring such costs and expenses.

Section 13.2 Further Assurances and Actions. Each of the parties hereto, upon the request of the other party hereto and without further consideration, will do, execute, acknowledge, and deliver, or cause to be done, executed, acknowledged, or delivered, all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney, and assurances as may be reasonably necessary to effect complete consummation of the transactions contemplated by this Agreement. Seller and Buyer agree to execute and deliver such other documents, certificates, agreements, and other writings and to take such other actions as may be reasonably necessary in order to consummate or implement expeditiously the transactions contemplated by this Agreement.

Section 13.3 Notices. All notices, requests, demands, waivers, and communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given if delivered by hand (including by reputable overnight courier):

(a) if to Buyer, to:

Nanotherapeutics, Inc.
13859 Progress Blvd., Suite 300
Alachua, FL 32615
Telephone: 386-462-9663
Attn: James Talton

with a copy to:

Nanotherapeutics, Inc.
13859 Progress Blvd., Suite 300
Alachua, FL 32615
Telephone: 386-462-9663
Attn: Andy Cziotka, Esq.

(b) if to Seller, to:

XOMA (US) LLC
c/o XOMA Corporation
2910 Seventh Street
Berkeley, CA 94710
(510) 204-7200
Attn: General Counsel

with a copy to:

Morrison & Foerster LLP
425 Market Street
San Francisco, CA 94105
Attn: Van W. Ellis
Telephone: (202) 887-8776

or to such other person or address as any party shall specify by notice in writing to the other party. All such notices, requests, demands, waivers and communications shall be deemed to have been given (i) on the date on which so hand-delivered; and (ii) on the date on which faxed and confirmed.

Section 13.4 Waiver and Amendments. The failure of any party to assert a right hereunder or to insist upon compliance with any term or condition of this Agreement shall not constitute a waiver of that right or excuse a similar subsequent failure to perform any such term or condition by the other parties. No waiver shall be effective unless it has been given in writing and signed by the party giving such waiver. No provision of this Agreement may be amended or modified other than by a written document signed by authorized representatives of each party.

Section 13.5 Headings. The table of contents and headings contained in this Agreement are for reference purposes only and will not affect in any way the meaning or interpretation of this Agreement.

Section 13.6 Severability. If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced under any Law or public policy, all other terms and provisions of this Agreement will nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the parties hereto will negotiate in good faith to modify this Agreement so as to effect the original intent of the parties hereto as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

Section 13.7 Counterparts. This Agreement may be executed in one or more counterparts, all of which will be considered one and the same agreement and will become effective when one or more counterparts have been signed by each of the parties hereto and delivered to the other parties hereto, it being understood that all parties hereto need not sign the same counterpart.

Section 13.8 Entire Agreement; No Third Party Beneficiaries. This Agreement (together with the schedules, annexes and exhibits attached hereto) and the Ancillary Agreements constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, between or among the parties hereto with respect to the subject matter hereof. Except as specifically provided herein, this Agreement is not intended to confer upon any Person other than the parties hereto any rights or remedies hereunder.

Section 13.9 Relationship of the Parties. Nothing contained in this Agreement shall be deemed to constitute a partnership, joint venture, or legal entity of any type between Seller and Buyer, or to constitute one as the agent of the other. Moreover, each party agrees not to construe this Agreement, or any of the transactions contemplated hereby, as a partnership for any tax purposes.

Section 13.10 Governing Law; Jurisdiction. This Agreement will be governed by and construed in accordance with the laws of the State of California, without regard to the conflict of law principles thereof. Each of the parties irrevocably agrees that any legal action or proceeding arising out of or relating to this Agreement brought by any other party or its successors or assigns shall be brought and determined in state or federal court sitting in California, and each of the parties hereby irrevocably submits to the exclusive jurisdiction of the aforesaid courts for itself and with respect to its property, generally and unconditionally, with regard to any such action or proceeding arising out of or relating to this Agreement and the transactions contemplated hereby. Each of the parties agrees not to commence any action, suit, or proceeding relating thereto except in the courts described above in California, other than actions in any court of competent jurisdiction to enforce any judgment, decree or award rendered by any such court. Each of the parties further agrees that notice as provided herein shall constitute sufficient service of process and the parties further waive any argument that such service is insufficient. Each of the parties hereby irrevocably and unconditionally waives, and agrees not to assert, by way of motion or as a defense, counterclaim, or otherwise, in any action or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby, (a) any claim that it is not personally subject to the jurisdiction of the courts described herein for any reason; (b) that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment, or otherwise); and (c) that (i) the suit, action, or proceeding in any such court is brought in an inconvenient forum; (ii) the venue of such suit, action, or proceeding is improper; or (iii) this Agreement, or the subject matter hereof, may not be enforced in or by such courts.

Section 13.11 Specific Performance. The parties hereto agree that irreparable damage would occur in the event any provision of this Agreement were not performed in accordance with the terms hereof and that the parties hereto will be entitled to specific performance of the terms hereof, in addition to any other remedy at law or in equity, without the necessity of demonstrating the inadequacy of monetary damages and without the posting of a bond.

Section 13.12 Waiver of Jury Trial. EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT, THE AGREEMENTS, INSTRUMENTS AND DOCUMENTS CONTEMPLATED HEREBY, OR THE TRANSACTIONS CONTEMPLATED HEREBY AND FOR ANY COUNTERCLAIM THEREIN.

Section 13.13 Binding Effect; Assignment.

(a) This Agreement shall inure to the benefit of and be binding upon the parties hereto and the respective successors and permitted assigns of the parties and such Persons. This Agreement may not be assigned by any party hereto without the prior written consent of each of the other parties; provided, however, that any Party may assign its rights hereunder to one or more of its Affiliates so long as such Affiliate agrees in writing to become a party to this Agreement and be bound to the terms and conditions of this Agreement, and the transferring party shall remain liable for the performance of all obligations of itself and its Affiliated transferees under this Agreement.

Section 13.14 Disclosure Schedule. Concurrently with the execution and delivery of this Agreement by the parties hereto, the Seller delivered or caused to be delivered to the Buyer the Schedules. The Schedules are hereby incorporated by reference into, and forms an integral part of, this Agreement. The information and disclosures contained in each Schedule shall be deemed to be disclosed and incorporated by reference in each of the other Schedules (whether or not specific cross-references are made therein). The inclusion of any matter, information or item in the Schedule shall not be deemed to constitute an admission of any liability by the Seller to any Third Party or otherwise imply that any such matter, information, or item is material or creates a measure for materiality for the purposes of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by their respective representatives thereunto duly authorized, all as of the date first written above.

NANOTHERAPEUTICS, INC.

By: _____
Name:
Title:

XOMA (US) LLC

By: _____
Name:
Title:

Exhibit A

ASSIGNMENT AND ASSUMPTION AGREEMENT

ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement (the "Assignment and Assumption") is made and entered into as of [_____], 2015, by and among XOMA (US) LLC, a Delaware limited liability company ("Assignor"), and Nanotherapeutics, Inc., a Delaware corporation ("Assignee").

WHEREAS, Assignor and Assignee are parties to that certain Asset Purchase Agreement dated as of November 4, 2015 (the "Purchase Agreement"), pursuant to which Assignee has agreed to purchase from Assignor the Purchased Assets (as defined in the Purchase Agreement); and

WHEREAS, pursuant to the Purchase Agreement, Assignor has agreed to assign certain rights and agreements to Assignee, and Assignee has agreed to assume certain obligations of Assignor, as set forth herein, and this Assignment and Assumption is contemplated by Section 2.4(a) of the Purchase Agreement;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants contained herein, and for other good and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

1. **Capitalized Terms.** Capitalized terms used but not defined herein shall have the meanings for such terms that are set forth in the Purchase Agreement.

2. **Assignment and Assumption.** Effective as of _____:_____ _____.m. (_____ time) on _____, 20_____ (the "Effective Time"), Assignor hereby assigns, sells, transfers and sets over (collectively, the "Assignment") to Assignee all of Assignor's right, title, benefit, privileges and interest in and to, and all of Assignor's burdens, obligations and liabilities in connection with, each of the Assumed Liabilities. Assignee hereby accepts the Assignment and assumes and agrees to observe and perform all of the duties, obligations, terms, provisions and covenants, and to pay and discharge all of the liabilities of Assignor to be observed, performed, paid or discharged from and after the Closing, in connection with the Assumed Liabilities. Assignee assumes no Excluded Liabilities, and the parties hereto agree that all such Excluded Liabilities shall remain the sole responsibility of Assignor.

3. **Terms of the Purchase Agreement.** The terms of the Purchase Agreement, including but not limited to Assignor's representations, warranties, covenants, agreements and indemnities relating to the Assumed Liabilities, are incorporated herein by this reference. Assignor acknowledges and agrees that the representations, warranties, covenants, agreements and indemnities contained in the Purchase Agreement shall not be superseded hereby but shall remain in full force and effect to the full extent provided therein. In the event of any conflict or inconsistency between the terms of the Purchase Agreement and the terms hereof, the terms of the Purchase Agreement shall govern.

4. **Further Actions.** Each of the parties hereto covenants and agrees, at its own expense, to execute and deliver, at the request of the other party hereto, such further instruments of transfer and assignment and to take such other action as such other party may reasonably request to more effectively consummate the assignments and assumptions contemplated by this Assignment and Assumption.

IN WITNESS WHEREOF, the parties have executed this Assignment and Assumption Agreement as of the date first above written.

ASSIGNOR	**ASSIGNEE**
XOMA (US) LLC, a Delaware limited liability company	Nanotherapeutics, Inc., a Delaware corporation
By: _____	By:
Its: _____	Its:

Exhibit B

BILL OF SALE

GENERAL ASSIGNMENT AND BILL OF SALE

1. **Sale and Transfer of Purchased Assets and Contract Rights.** For good and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, and as contemplated by Section 4.2(a)(i) of that certain Asset Purchase Agreement dated as of November 4, 2015 (the "Purchase Agreement"), to which XOMA (US) LLC, a Delaware limited liability company (the "Seller"), and Nanotherapeutics, Inc., a Delaware corporation (the "Buyer"), are parties, Seller hereby sells, transfers, assigns, conveys, grants and delivers to Purchaser and its successors and assigns, effective as of _____:_____ _____.m. (_____ time) on _____, 2015 (the "Effective Time"), all of Seller's right, title and interest in and to all of the Purchased Assets (as defined in the Purchase Agreement).

2. **Further Actions.** Seller covenants and agrees to warrant and defend the sale, transfer, assignment, conveyance, grant and delivery of the Purchased Assets hereby made against all persons whomsoever, to take all steps reasonably necessary to establish the record of Buyer's title to the Purchased Assets and, at the request of Buyer, to execute and deliver further instruments of transfer and assignment and take such other action as Purchaser may reasonably request to more effectively transfer and assign to and vest in Buyer each of the Purchased Assets, all at the sole cost and expense of Seller.

3. **Power of Attorney.** Without limiting Section 2 hereof, Seller hereby constitutes and appoints Buyer the true and lawful agent and attorney in fact of Seller, with full power of substitution and resubstitution, in whole or in part, in the name and stead of Seller but on behalf and for the benefit of Buyer and its successors and assigns, from time to time:

(a) to demand, receive and collect any and all of the Purchased Assets and to give receipts and releases for and with respect to the same, or any part thereof;

(b) to institute and prosecute, in the name of Seller or otherwise, any and all proceedings at law, in equity or otherwise, that Buyer or its successors and assigns may deem proper in order to collect or reduce to possession any of the Purchased Assets and in order to collect or enforce any claim or right of any kind hereby assigned or transferred, or intended so to be; and

(c) to do all things legally permissible, required or reasonably deemed by Buyer to be required to recover and collect the Purchased Assets and to use Seller's name in such manner as Buyer may reasonably deem necessary for the collection and recovery of same,

Seller hereby declaring that the foregoing powers are coupled with an interest and are and shall be irrevocable by Seller.

4. **Terms of the Purchase Agreement.** The terms of the Purchase Agreement, including but not limited to Seller's representations, warranties, covenants, agreements and indemnities relating to the Purchased Assets, are incorporated herein by this reference. Seller acknowledges and agrees that the representations, warranties, covenants, agreements and indemnities contained in the Purchase Agreement shall not be superseded hereby but shall remain in full force and effect to the full extent provided therein. In the event of any conflict or inconsistency between the terms of the Purchase Agreement and the terms hereof, the terms of the Purchase Agreement shall govern.

IN WITNESS WHEREOF, Seller has executed this General Assignment and Bill of Sale as of _____, 2015.

XOMA (US) LLC,
a Delaware limited liability company

By: _____
Its: _____

Exhibit C

FORM OF NANOTHERAPEUTICS LICENSE AGREEMENT

NANOTHERAPEUTICS LICENSE AGREEMENT,

BY AND BETWEEN

XOMA (US) LLC

and

NANOTHERAPEUTICS, INC.

_____ __, 2015

NANOTHERAPEUTICS LICENSE AGREEMENT

This NANOTHERAPEUTICS LICENSE AGREEMENT (this "**Agreement**") is entered into as of [_____] [__], 2015 (the "**Effective Date**") by and between XOMA (US) LLC, a Delaware limited liability company ("**Licensor**), and Nanotherapeutics, Inc., a Delaware Corporation ("**Licensee**"). Each of Licensor and Licensee is sometimes referred to individually herein as a "**Party**" and collectively as the "**Parties**."

RECITALS

WHEREAS, simultaneously with the execution of this Agreement, Licensor and Licensee have entered into that certain Asset Purchase Agreement (the "**APA**") relating to the BOT Business (as defined in the APA).

WHEREAS, Licensor desires to retain ownership of the XOMA Co-Formulation Patents, XOMA Vector Patents, XOMA BOT Know-How, and XOMA General Know-How (each defined in the APA and which were not included within the Purchased Assets (as defined in the APA) acquired by Licensee under the APA) and Licensee desires to license the XOMA Co-Formulation Patents, XOMA Vector Patents, XOMA BOT Know-How, and XOMA General Know-How for all uses within the Field and Licensor agrees to grant such license.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the Parties hereto, intending to be legally bound, hereby agree as follows:

1. **DEFINITIONS**

Whenever used in this Agreement with an initial capital letter, the terms defined in this Article 1 shall have the meanings specified herein and therein. Capitalized terms not defined herein shall have the meanings set forth in the APA.

"Bankruptcy Code " has the meaning given in Section 6.14.

"**Calendar Quarter**" means each three month period commencing on January 1, April 1, July 1, and October 1.

"**Field**" means sales to the U.S. Government for counter-terrorism and warfare applications.

"**Net Sales**" means the gross amounts invoiced by Buyer, its Affiliates, and any of its or their licensees or collaborators (each, a "**Selling Party**") for the sale, transfer or other distribution of XOMA Derived Products to Third Parties, less the following deductions to the extent reasonable and customary and actually incurred, allowed, paid, accrued or specifically allocated in its financial statements, for:

(a) discounts (including trade, quantity and cash discounts), cash and non-cash coupons, retroactive price reductions, and charge-back payments and rebates granted to any Third Party (including to governmental entities or agencies, purchasers, reimbursers, customers, distributors, wholesalers, and group purchasing and managed care organizations or entities (and other similar entities and institutions));

(b) credits or allowances, if any, on account of price adjustments, recalls, claims, damaged goods, rejections or returns of items previously sold (including Product returned in connection with recalls or withdrawals) and amounts written off by reason of uncollectible debt, provided that if the debt is thereafter paid, the corresponding amount shall be added to the Net Sales of the period during which it is paid; and

(c) rebates (or their equivalent), administrative fees, chargebacks and retroactive price adjustments and any other similar allowances granted by a Selling Party (including to governmental authorities, purchasers, reimburses, customers, distributors, wholesalers, and managed care organizations and entities (and other similar entities and institutions)) which effectively reduce the selling price or gross sales of the Product.

If non-monetary consideration is received by a Selling Party for any Product in a given country, Net Sales will be calculated based on the average price charged for such Product in such country, as applicable, during the preceding royalty period, or in the absence of such sales, transfers or other distributions, the fair market value of the Product in such country, as applicable, as determined by the Parties in good faith. If the Parties are unable to reach such an agreement, the Parties shall refer such matter to a jointly selected Third Party with expertise in the pricing of pharmaceutical products that is not, and has not in the past five (5) years been, an employee, consultant, legal advisor, officer, director or stockholder of, and does not have any conflict of interest with respect to, either Party for resolution. Net Sales shall be determined on, and only on, the first sale, transfer or other distribution by a Selling Party to a Third Party that is not a Selling Party.

"**Term**" has the meaning given in Section 4.1.

"**Territory**" means worldwide.

2. LICENSES

2.1 **XOMA Co-Formulation Patents**. Licensor hereby grants Licensee an exclusive, royalty-free, fully paid-up, freely sublicensable and transferable, license under the XOMA Co-Formulation Patents for all uses and applications in the Field in the Territory, including to make, have made, use, sell, offer for sale, import, export, manufacture, develop and commercialize products for use in the Field and in the Territory.

2.2 **XOMA Vector Patents**. Licensor hereby grants Licensee a non-exclusive, royalty-free, fully paid-up, freely sublicensable and transferable, license under the XOMA Vector Patents for all uses and applications in the Field in the Territory, including to make, have made, use, sell, offer for sale, import, export, manufacture, develop and commercialize products for use in the Field and in the Territory.

2.3 **XOMA BOT Know-How**. Licensor hereby grants Licensee an exclusive, royalty-free, fully paid-up, freely sublicensable and transferable, license to the XOMA BOT Know-How for all uses and applications in the Field in the Territory, including to make, have made, use, sell, offer for sale, import, export, manufacture, develop and commercialize products for use in the Field and in the Territory.

2.4 **XOMA General Know-How**. Licensor hereby grants Licensee a non-exclusive, royalty-free, fully paid-up, freely sublicensable and transferable, license to the XOMA General Know-How for all uses and applications in the Field in the Territory, including to make, have made, use, sell, offer for sale, import, export, manufacture, develop and commercialize products for use in the Field and in the Territory.

3. PAYMENTS

3.1 In consideration of the licenses granted in Article 2, Licensee shall make the payments set forth below in this Section 3.1:

(a) One Million, Five Hundred Thousand Dollars ($1,500,000), payable in four equal, consecutive Calendar Quarter payments, with the first such payment being due at the end of the Calendar Quarter in which the Defense Threat Reduction Agency executes the DTRA Contract;

(b) Two Million Dollars ($2,000,000) within three (3) Business Days of the exercise by DTRA exercise of Option 1 in the DTRA Contract;

(c) One Million Dollars ($1,000,000), payable in four equal, consecutive Calendar Quarter payments, with the first such payment being due at the end of the Calendar Quarter in which the Defense Threat Reduction Agency makes an award in conjunction with its exercise of Option 1 in the DTRA Contract; and

(d) Quarterly Royalty Payments of Fifteen Percent (15%) of Net Sales of XOMA Derived Products.

3.2 **Payment of Milestone and Royalty Amounts; Accounting and Records**.

3.2.1 **Payment of Royalties**. Licensee shall pay Licensor the royalty payments set forth in Section 3.1(d) for each Calendar Quarter in which there are Net Sales, within thirty (30) days after the end of each such Calendar Quarter.

3.2.2 **Royalty Reports**. Licensee shall provide, at the same time each payment is made pursuant to Section 3.1(d), a report showing: (a) the gross sales of each XOMA Derived Product by country; (b) the amount of deductions, by category of permitted deduction, from gross sales to determine Net Sales; and (c) a calculation of the amount of royalty due to Licensor.

3.2.3 **Mode of Payment**. All payments made pursuant to Section 3.1 shall be made in immediately available funds by wire transfer to a United States based account to be identified by Licensor.

3.2.4 **Currency of Payments**. All payments made pursuant to Section 3.1 shall be made in United States dollars. When calculating the Net Sales of any XOMA Derived Product that occur in currencies other than the U.S. dollars, Licensee shall convert the amount of such sales into U.S. dollars using the applicable exchange rate reported in the Wall Street Journal for the last day of the applicable reporting period.

3.2.5 **Late Payments**. To the extent any payments made pursuant to Section 3.1 are not paid within the specified time period, such outstanding payments shall accrue interest from the date due, at the one year LIBOR rate on the last Business Day of the applicable calendar quarter prior to the date on which such payment was due, plus seven (7) percentage point, calculated on the basis of a 360-day year, or, if lower, the maximum rate permitted by law.

3.2.6 **Blocked Currency**. If, at any time, legal restrictions prevent Licensee from remitting part or all of a royalty payment due under Section 3.1(d) when due with respect to any country where XOMA Derived Products are sold, Licensee shall promptly notify Licensor in writing and shall continue to provide Net Sales reports for such royalty payments within thirty (30) days after the end of each such Calendar Quarter. Such royalty payments shall continue to accrue in such country, and Licensee shall deposit such payment in local currency in such country to the credit of Licensor in a recognized banking institution designated by Licensor in writing.

3.2.7 **Withholding Tax**. If Laws require withholding of income or other taxes imposed upon any royalty payments made by Licensee to Licensor under this Agreement, Licensee shall (i) make such withholding payments as may be required, (ii) subtract such withholding payments from such payments, (iii) submit appropriate proof of payment of the withholding taxes to Licensor within a reasonable period of time, and (iv) promptly provide Licensor with all official receipts with respect thereto. Licensee shall provide reasonable assistance in order to allow Licensor to obtain the benefit of any present or future treaty against double taxation which may apply to such payments.

3.2.8 **Records**. Licensee shall keep, and shall require each Selling Party to keep, full, true and accurate books of account containing all particulars that may be necessary for the purpose of calculating all royalty payment amounts payable under Section 3.1(d).

3.2.9 **Audits**. Upon timely request and at least thirty (30) days' prior written notice from Licensor, Licensor may have an independent public accountant reasonably acceptable to Licensee perform, on behalf of Licensor, an audit of such books and records of the Selling Parties that are reasonably necessary for Licensor's independent public accountant to report on Net Sales of XOMA Derived Products for the then current calendar year and the two (2) most recently completed calendar years prior to the date of such request and the correctness of any Net Sales report or royalty payment made during such period. Such audit shall be conducted during regular business hours in such a manner as to not unnecessarily interfere with the Licensee's normal business activities. Such audit shall not be performed more frequently than once per calendar year nor more frequently than once with respect to records covering Net Sales of any Product during any give period of time. Such audits shall be conducted at the expense of Licensor, unless such audit identifies an underpayment of royalty payments of five percent (5%) or more for any XOMA Derived Product over any calendar year, in which case Licensee shall reimburse Licensor for all expenses incurred by Licensor to conduct such audit.

3.2.10 **Underpayment**. If the audit reveals an underpayment to Licensor, Licensee shall pay the shortfall amount to Licensor within thirty (30) days after the completion of the audit together with the applicable late payment interest amount.

4. TERM AND TERMINATION

4.1 **Term**. This Agreement shall commence on the Effective Date and shall continue in full force and effect, unless otherwise terminated pursuant to Section 4.2, until the expiration of the last valid claim of the XOMA Patents in all countries in the Territory (the "**Term**"). Upon the expiration of the Term, the licenses granted to Licensee shall be retained as fully paid-up, worldwide, perpetual and irrevocable licenses.

4.2 **Termination**. This Agreement may be terminated as follows:

4.2.1 **Termination for Convenience**. Licensee may terminate this Agreement at any time upon sixty (60) days' prior written notice to Licensor.

4.2.2 **Termination for Breach**. If a Party materially breaches any of its obligations under this Agreement, the non-breaching Party may provide the breaching Party with a written notice specifying the nature of the breach, and stating its intention to terminate this Agreement if such breach is not cured. If the material breach is not cured within thirty (30) days after the receipt of such notice, the non-breaching Party shall be entitled, without prejudice to any of its other rights under this Agreement, and in addition to any other remedies available to it by law or in equity, to terminate this Agreement by providing written notice to the other Party.

4.2.3 **Termination for Failure of Exercised Option** . In the event that (i) Buyer does not exercise its Option in accordance with Section 2.3 of the APA, on or before the end of the Option Period or (ii) Buyer notifies Seller that it will not exercise the Option, this Agreement will automatically terminate.

4.3 **Surviving Provisions**. Termination or expiration of this Agreement for any reason shall be without prejudice to the rights and obligations of the Parties that have accrued prior to the termination or expiration. The following provisions shall survive early termination: Section 3.2 and Articles 4 and 5.

4.4 **Cumulative Rights** . The rights and remedies provided to each Party in this Article 3 are cumulative and in addition to any other rights and remedies available to such Party at law or in equity.

5. NO WARRANTIES; LIMITATION OF LIABILITIES

5.1 **Warranty Disclaimer**. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS AGREEMENT, NEITHER PARTY MAKES ANY WARRANTY WITH RESPECT TO ANY KNOW-HOW, RIGHTS OR OTHER SUBJECT MATTER OF THIS AGREEMENT AND EACH PARTY HEREBY DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NONINFRINGEMENT.

5.2 **Limited Liability**. NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY OR ANY OF ITS AFFILIATES FOR ANY SPECIAL, PUNITIVE, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING LOST PROFITS OR LOST REVENUES, REGARDLESS OF ANY NOTICE OF THE POSSIBILITY OF SUCH

DAMAGES. NOTWITHSTANDING THE FOREGOING, NOTHING IN THIS SECTION 5.2 IS INTENDED TO OR SHALL LIMIT OR RESTRICT THE LIABILITY OF EITHER PARTY FOR THE BREACH OF ITS OBLIGATIONS UNDER THE CONFIDENTIALITY AGREEMENT.

6. GENERAL PROVISIONS

6.1 **Expenses**. Except as otherwise specified in this Agreement, all costs and expenses, including fees and disbursements of counsel, financial advisors, and accountants, incurred in connection with this Agreement and the transactions contemplated hereby will be paid by the party incurring such costs and expenses.

6.2 **Further Assurances and Actions**. Each of the parties hereto, upon the request of the other party hereto and without further consideration, will do, execute, acknowledge, and deliver, or cause to be done, executed, acknowledged, or delivered, all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney, and assurances as may be reasonably necessary to effect complete consummation of the transactions contemplated by this Agreement. Licensor and Licensee agree to execute and deliver such other documents, certificates, agreements, and other writings and to take such other actions as may be reasonably necessary in order to consummate or implement expeditiously the transactions contemplated by this Agreement.

6.3 **Notices**. All notices, requests, demands, waivers, and communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given if delivered by hand (including by reputable overnight courier):

6.3.1 if to Licensor, to:

XOMA (US) LLC
c/o XOMA Corporation
2910 Seventh Street
Berkeley, CA 94710
(510) 204-7200
Attn: General Counsel

with a copy to:

Morrison & Foerster LLP
425 Market Street
San Francisco, CA 94105
Attn: Van W. Ellis
Telephone: (202) 887-8776

6.3.2 if to Licensee, to:

Nanotherapeutics, Inc.
13859 Progress Blvd., Suite 300
Alachua, FL 32615
Telephone: 386-462-9663
Attn: James Talton

with a copy to:

Nanotherapeutics, Inc.
13859 Progress Blvd., Suite 300
Alachua, FL 32615
Telephone: 386-462-9663
Attn: Andy Cziotka, Esq.

or to such other person or address as any party shall specify by notice in writing to the other party. All such notices, requests, demands, waivers and communications shall be deemed to have been given (i) on the date on which so hand-delivered; and (ii) on the date on which faxed and confirmed.

6.4 **Waiver and Amendments**

The failure of any party to assert a right hereunder or to insist upon compliance with any term or condition of this Agreement shall not constitute a waiver of that right or excuse a similar subsequent failure to perform any such term or condition by the other party. No waiver shall be effective unless it has been given in writing and signed by the party giving such waiver. No provision of this Agreement may be amended or modified other than by a written document signed by authorized representatives of each party.

6.5 **Headings**

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

6.6 **Severability**

If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced under any Law or public policy, all other terms and provisions of this Agreement will nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the parties hereto will negotiate in good faith to modify this Agreement so as to effect the original intent of the parties hereto as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

6.7 **Counterparts**

This Agreement may be executed in one or more counterparts, all of which will be considered one and the same agreement and will become effective when one or more counterparts have been signed by each of the parties hereto and delivered to the other parties hereto, it being understood that all parties hereto need not sign the same counterpart.

6.8 **Entire Agreement; No Third Party Beneficiaries**

This Agreement (together with the schedules, annexes and exhibits attached hereto), the APA, and the Ancillary Agreements constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, between or among the parties hereto with respect to the subject matter hereof. Except as specifically provided herein, this Agreement is not intended to confer upon any Person other than the parties hereto any rights or remedies hereunder.

6.9 **Relationship of the Parties**

Nothing contained in this Agreement shall be deemed to constitute a partnership, joint venture, or legal entity of any type between Licensor and

Licensee, or to constitute one as the agent of the other. Moreover, each party agrees not to construe this Agreement, or any of the transactions contemplated hereby, as a partnership for any tax purposes.

6.10 **Governing Law; Jurisdiction**

This Agreement will be governed by and construed in accordance with the laws of the State of California, without regard to the conflict of law principles thereof. Each of the parties irrevocably agrees that any legal action or proceeding arising out of or relating to this Agreement brought by any other party or its successors or assigns shall be brought and determined in state or federal court sitting in California, and each of the parties hereby irrevocably submits to the exclusive jurisdiction of the aforesaid courts for itself and with respect to its property, generally and unconditionally, with regard to any such action or proceeding arising out of or relating to this Agreement and the transactions contemplated hereby. Each of the parties agrees not to commence any action, suit, or proceeding relating thereto except in the courts described above in California, other than actions in any court of competent jurisdiction to enforce any judgment, decree or award rendered by any such court. Each of the parties further agrees that notice as provided herein shall constitute sufficient service of process and the parties further waive any argument that such service is insufficient. Each of the parties hereby irrevocably and unconditionally waives, and agrees not to assert, by way of motion or as a defense, counterclaim, or otherwise, in any action or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby, (a) any claim that it is not personally subject to the jurisdiction of the courts described herein for any reason; (b) that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment, or otherwise); and (c) that (i) the suit, action, or proceeding in any such court is brought in an inconvenient forum; (ii) the venue of such suit, action, or proceeding is improper; or (iii) this Agreement, or the subject matter hereof, may not be enforced in or by such courts.

6.11 **Specific Performance**

The parties hereto agree that irreparable damage would occur in the event any provision of this Agreement were not performed in accordance with the terms hereof and that the parties hereto will be entitled to specific performance of the terms hereof, in addition to any other remedy at law or in equity, without the necessity of demonstrating the inadequacy of monetary damages and without the posting of a bond.

6.12 **Waiver of Jury Trial**

EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT, THE ANCILLARY AGREEMENTS, INSTRUMENTS AND DOCUMENTS CONTEMPLATED HEREBY, OR THE TRANSACTIONS CONTEMPLATED HEREBY AND FOR ANY COUNTERCLAIM THEREIN.

6.13 **Binding Effect; Assignment**

This Agreement shall inure to the benefit of and be binding upon the parties hereto and the respective successors and permitted assigns of the parties and such Persons. This Agreement may not be assigned by any party hereto without the prior written consent of each of the other parties; provided, however, that any Party may assign its rights hereunder to one or more of its Affiliates so long as such Affiliate agrees in writing to become a party to this Agreement and be bound to the terms and conditions of this Agreement,

and the transferring party shall remain liable for the performance of all obligations of itself and its Affiliated transferees under this Agreement.

Section 365(n) of the Bankruptcy Code. All rights and licenses granted pursuant to any Section of this Agreement are, and shall be deemed to be, rights and licenses to "intellectual property" (as defined in Section 101(35A) of title 11 of the United States Code and of any similar provisions of applicable Laws under any other jurisdiction (the "**Bankruptcy Code**")). Each Party agrees that the other Party, as a Licensee of rights and licenses under this Agreement, shall retain and may fully exercise all of its rights and elections under the Bankruptcy Code. The Parties further agree that, in the event of the commencement of a bankruptcy proceeding by or against a Party under the Bankruptcy Code or analogous provisions of applicable Law outside the United States, the other Party shall be entitled to a complete duplicate of (or complete access to, as appropriate) any intellectual property licensed to such Party and all embodiments of such intellectual property, which, if not already in such Party's possession, shall be promptly delivered to it (a) upon any such commencement of a bankruptcy proceeding upon such Party's written request therefor, unless the Party in the bankruptcy proceeding elects to continue to perform all of its obligations under this Agreement or (b) if not delivered under clause (a), following the rejection of this Agreement by the Party in the bankruptcy proceeding upon written request therefor by the other Party.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives.

XOMA (US) LLC

By: _____
Name: _____
Title: _____

NANOTHERAPEUTICS, INC.

By: _____
Name: _____
Title: _____

Exhibit D

ALLOCATION OF PURCHASE PRICE

Asset Classes	Tax Purchase Price Allocation Total Purchase Price allocated by Asset Class
Class I (cash and general deposit accounts (including savings and checking accounts) other than certificates of deposit held in banks, savings and loan associations, and other depository institutions)	[Dollar value as set forth on the closing balance sheet = A]
Class II (actively traded personal property within the meaning of Code § 1092(d)(1) and Treas. Reg. § 1.1092(d)-1 (determined without regard to Code § 1092(d)(3)) and certificates of deposit and foreign currency even if not actively traded property, but excluding stock of target affiliates, whether or not actively traded, other than actively traded stock described in Code § 1504(a)(4); examples of Class II assets include U.S. government securities and publicly traded stock)	[Dollar value as set forth on the closing balance sheet = B]
Class III (assets that the taxpayer marks to market at least annually for federal income tax purposes and debt instruments (including accounts receivable), but not including (i) debt instruments issued by persons related at the beginning of the day following the acquisition date to the target under Code §§ 267(b) or 707, (ii) contingent debt instruments subject to Treas. Reg. §§ 1.1275-4 and 1.483-4, or Code § 988, unless the instrument is subject to the noncontingent bond method of Treas. Reg. § 1.1275-4(b) or is described in Treas. Reg. § 1.988-2(b)(2)(i)(B)(2), and (iii) debt instruments convertible into the stock of the issuer or other property)	[Dollar value as set forth on the closing balance sheet = C]
Class IV (stock in trade of the taxpayer or other property of a kind that would properly be included in the inventory of taxpayer if on hand at the close of the taxable year, or property held by the taxpayer primarily for sale to customers in the ordinary course of its trade or business)	[Dollar value as set forth on the closing balance sheet = D]
Class V (all assets other than Class I, II, III, IV, VI, and VII assets – for example fixed assets and machinery)	[Dollar value as set forth on the closing balance sheet = E]
Class VI and **Class VII** (goodwill and going concern value)	[Remainder = F = Purchase Price - (Sum of A+B+C+D+E)]

Total Value	Sum total of above

*For purposes of this allocation schedule, the amount set forth on the closing balance sheet shall be determined based on an interim closing of the books as of the Option Closing Date.

Exhibit E-1

SELLER'S LETTERS TO THE FDA

Drug Master File Staff
Food and Drug Administration
Center for Drug Evaluation and Research
Central Document Room
5901-B Ammendale Road
Beltsville MD 20705-1266

Date: [***Enter the date of this Submission***]

DMF#: **024117**

Holder: XOMA (US) LLC

Subject (Title): XOMA 3AB

RE: Submission Information: General Information/Administrative/Change in Holder: Transfer to New Holder

New Holder Name: Nanotherapeutics, Inc. **[*Name of entity receiving DMF to be confirmed.*]**

Dear DMF Staff:

With this letter, we wish to provide notice that XOMA (US) LLC has transferred all rights to the above-referenced Drug Master File ("DMF") to Nanotherapeutics, Inc. ("Nanotherapeutics"), with an address at 13859 Progress Blvd #300, Alachua, FL 32615 **[*Address of entity receiving DMF to be confirmed.*]**, effective as of [***]. The responsible official at Nanotherapeutics is Doris Snow, and she may be reached by telephone at (386) 462-9663 Ext. 7216 or by email at dsnow@nanotherapeutics.com. Nanotherapeutics has received a complete copy of the existing DMF.

If you have any questions for XOMA Corporation regarding this letter, please contact me by telephone at (510) 541-5034 or by email at cafaro@xoma.com.

Sincerely,

Daniel P. Cafaro
Vice President, Regulatory Affairs and Compliance
XOMA (US) LLC
(510) 541-5034
cafaro@xoma.com

Drug Master File Staff
Food and Drug Administration
Center for Drug Evaluation and Research
Central Document Room
5901-B Ammendale Road
Beltsville MD 20705-1266

Date: [***Enter the date of this Submission***]

DMF#: **024156**

Holder: XOMA (US) LLC

Subject (Title): NONCLINICAL (PHARMACOLOGY, PHARMACOKINETICS, AND TOXICOLOGY) FOR XOMA 3AB

RE: Submission Information: General Information/Administrative/Change in Holder: Transfer to New Holder

New Holder Name: Nanotherapeutics, Inc. **[*Name of entity receiving DMF to be confirmed.*]**

Dear DMF Staff:

With this letter, we wish to provide notice that XOMA (US) LLC has transferred all rights to the above-referenced Drug Master File ("DMF") to Nanotherapeutics, Inc. ("Nanotherapeutics"), with an address at 13859 Progress Blvd #300, Alachua, FL 32615 **[*Address of entity receiving DMF to be confirmed.*]**, effective as of [***]. The responsible official at Nanotherapeutics is Doris Snow, and she may be reached by telephone at (386) 462-9663 Ext. 7216 or by email at dsnow@nanotherapeutics.com. Nanotherapeutics has received a complete copy of the existing DMF.

If you have any questions for XOMA Corporation regarding this letter, please contact me by telephone at (510) 541-5034 or by email at cafaro@xoma.com.

Sincerely,

Daniel P. Cafaro
Vice President, Regulatory Affairs and Compliance
XOMA (US) LLC
(510) 541-5034
cafaro@xoma.com

Exhibit E-2

BUYER'S LETTERS TO THE FDA

Drug Master File Staff
Food and Drug Administration
Center for Drug Evaluation and Research
Central Document Room
5901-B Ammendale Road
Beltsville MD 20705-1266

Date: **[*Enter the date of this Submission*]**

DMF#: **024117**

Holder: XOMA (US) LLC

Subject (Title): **XOMA 3AB**

Submission Information: General Information/Administrative/Change in Holder: Acceptance by New Holder

New Holder Name: Nanotherapeutics, Inc. [***Name of entity to be confirmed.***]

Dear DMF Staff:

With this letter, Nanotherapeutics, Inc. ("Nanotherapeutics") wishes to acknowledge its acceptance of the above-referenced Drug Master File ("DMF"), which has been transferred to Nanotherapeutics from XOMA (US) LLC, effective as of [***]. Nanotherapeutics has an address at 13859 Progress Blvd #300, Alachua, FL 32615 **[*Address of entity receiving DMF to be confirmed.*]**. The responsible official at Nanotherapeutics is Doris Snow, and she may be reached by telephone at (386) 462-9663 Ext. 7216 or by email at dsnow@nanotherapeutics.com.

Nanotherapeutics states that DMF 024117 is current and Nanotherapeutics will comply with the statements made within it. Nanotherapeutics will notify FDA through an amendment to DMF 024117 of any addition, change, or deletion of information in the DMF. [Nanotherapeutics will also notify in writing [***AUTHORIZED PARTY OR PARTIES***] that an addition, change, or deletion of information has been made to the DMF.] Nanotherapeutics takes full responsibility for all the information in the DMF and for all the processes and testing performed by the manufacturer.

Nanotherapeutics hereby confirms that it has received a complete copy of the DMF.

[Include a statement explaining any change in manufacturing site, if applicable.]

Sincerely,

James D. Talton
President & CEO
Nanotherapeutics, Inc.
(386) 462-9663
(386) 462-2087 Fax
jtalton@nanotherapeutics.com

[Please confirm the DMF is held in CDER, not the Center for Biologics Evaluation and Research]
Drug Master File Staff
Food and Drug Administration
Center for Drug Evaluation and Research
Central Document Room
5901-B Ammendale Road
Beltsville MD 20705-1266

Date: **[*Enter the date of this Submission*]**

DMF#: **024156**

Holder: XOMA (US) LLC

Subject (Title): **NONCLINICAL (PHARMACOLOGY, PHARMACOKINETICS, AND TOXICOLOGY) FOR XOMA 3AB**

Submission Information: General Information/Administrative/Change in Holder: Acceptance by New Holder

New Holder Name: Nanotherapeutics, Inc. [***Name of entity to be confirmed.***]

Dear DMF Staff:

With this letter, Nanotherapeutics, Inc. ("Nanotherapeutics") wishes to acknowledge its acceptance of the above-referenced Drug Master File ("DMF"), which has been transferred to Nanotherapeutics from XOMA (US) LLC, effective as of [***]. Nanotherapeutics has an address at 13859 Progress Blvd #300, Alachua, FL 32615 **[*Address of entity receiving DMF to be confirmed.*]**. The responsible official at Nanotherapeutics is Doris Snow, and she may be reached by telephone at (386) 462-9663 Ext. 7216 or by email at dsnow@nanotherapeutics.com.

Nanotherapeutics states that DMF 024156 is current and Nanotherapeutics will comply with the statements made within it. Nanotherapeutics will notify FDA through an amendment to DMF 024156 of any addition, change, or deletion of information in the DMF. [Nanotherapeutics will also notify in writing [***AUTHORIZED PARTY OR PARTIES***] that an addition, change, or deletion of information has been made to the DMF.] Nanotherapeutics takes full responsibility for all the information in the DMF and for all the processes and testing performed by the manufacturer.

Nanotherapeutics hereby confirms that it has received a complete copy of the DMF.

[Include a statement explaining any change in manufacturing site, if applicable.]

Sincerely,

James D. Talton
President & CEO
Nanotherapeutics, Inc.
(386) 462-9663
(386) 462-2087
jtalton@nanotherapeutics.com

Exhibit E-3

LETTERS OF REFERENCE

Drug Master File Staff
Food and Drug Administration
Center for Drug Evaluation and Research
Central Document Room
5901-B Ammendale Road
Beltsville MD 20705-1266

Date: **[*Enter the Submission date of the LOA*]**

DMF#: **024117**

Holder: Nanotherapeutics, Inc. [***Entity name to be confirmed.***]

Subject (Title): **XOMA 3AB**

RE: Letter of Authorization for: DMF 024117

Dear DMF Staff:

Nanotherapeutics, Inc. ("Nanotherapeutics") hereby authorizes XOMA Corporation and its affiliates, including XOMA (US) LLC (collectively, "XOMA"), to incorporate by reference any information of whatever nature in DMF 024117 into any Biologics License Application (BLA), Investigational New Drug Application (IND), New Drug Application (NDA), New Animal Drug Application (NADA), Abbreviated New Drug Application (ANDA), or another DMF, in each case filed by XOMA. We also authorize the FDA to review any portion of the aforementioned DMF 024117 when considering any BLA, IND, NDA, NADA, ANDA, or another DMF, in each case filed by XOMA.

The authorization provided hereby applies with respect to the entirety of DMF 024117, including any amendments or supplements made to such DMF after the date of this letter.

Nanotherapeutics states that DMF 024117 is current and Nanotherapeutics will comply with the statements made within it. Nanotherapeutics will notify FDA through an amendment to DMF 024117 of any addition, change, or deletion of information in the DMF. Nanotherapeutics will also notify in writing XOMA that an addition, change, or deletion of information has been made to the DMF.

Sincerely,

James D. Talton
President & CEO
Nanotherapeutics, Inc.
(386) 462-9663
(386) 462-2087 Fax
jtalton@nanotherapeutics.com

Drug Master File Staff
Food and Drug Administration
Center for Drug Evaluation and Research
Central Document Room
5901-B Ammendale Road
Beltsville MD 20705-1266

Date: **[*Enter the Submission date of the LOA*]**

DMF#: **024156**

Holder: Nanotherapeutics, Inc. [***Entity name to be confirmed.***]

Subject (Title): **NONCLINICAL (PHARMACOLOGY, PHARMACOKINETICS, AND TOXICOLOGY) FOR XOMA 3AB**

RE: Letter of Authorization for: DMF 024156

Dear DMF Staff:

Nanotherapeutics, Inc. ("Nanotherapeutics") hereby authorizes XOMA Corporation and its affiliates, including XOMA (US) LLC (collectively, "XOMA"), to incorporate by reference any information of whatever nature in DMF 024156 into any Biologics License Application (BLA), Investigational New Drug Application (IND), New Drug Application (NDA), New Animal Drug Application (NADA), Abbreviated New Drug Application (ANDA), or another DMF, in each case filed by XOMA. We also authorize the FDA to review any portion of the aforementioned DMF 024156 when considering any BLA, IND, NDA, NADA, ANDA, or another DMF, in each case filed by XOMA.

The authorization provided hereby applies with respect to the entirety of DMF 024156, including any amendments or supplements made to such DMF after the date of this letter.

Nanotherapeutics states that DMF 024156 is current and Nanotherapeutics will comply with the statements made within it. Nanotherapeutics will notify FDA through an amendment to DMF 024156 of any addition, change, or deletion of information in the DMF. Nanotherapeutics will also notify in writing XOMA that an addition, change, or deletion of information has been made to the DMF.

Sincerely,

James D. Talton
President & CEO
Nanotherapeutics, Inc.
(386) 462-9663
(386) 462-2087 Fax
jtalton@nanotherapeutics.com

Exhibit F

WAREHOUSE LICENSE AGREEMENT

LICENSE AGREEMENT

This LICENSE AGREEMENT (this "**Agreement**") is made and entered into as of [____] [●], 2015 (the "**Effective Date** "), by and between XOMA CORPORATION, a Delaware corporation ("**Licensor**"), and NANOTHERAPEUTICS, INC., a Delaware corporation ("**Licensee**"), with reference to the following facts:

RECITALS

WHEREAS, by a Lease dated February 13, 2013 (the "**Prime Lease**"), 7th Street Properties II ("**Landlord**") leases to Licensee, as tenant, a portion of the building located at 804 Heinz Avenue, Berkeley, California 94710-2737 (the "**Building**"), which leased portion is comprised of approximately 35,000 square feet of rentable area (the "**Premises**"), at the rent and upon and subject to the terms and conditions set forth in the Prime Lease, a copy of which was provided to Licensee prior to the Effective Date.

WHEREAS, Licensor and Licensee have entered into an Asset Purchase Agreement, dated as of November 4, 2015 ("**APA**"), which provides, among other things, for Licensee's acquisition of certain assets related to the BOT Business and certain related transactions, on the terms set forth in the APA and the Ancillary Agreements. Capitalized terms used but not defined in this Agreement shall have the meaning ascribed to such terms in the APA.

WHEREAS, Licensee desires to license from Licensor, and Licensor desires to license to Licensee, the Licensed Premises (as defined below), all on the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Licensed Premises; Licensed FF&E.

(a) Licensor does hereby grant to Licensee a temporary license to use, upon the conditions hereinafter provided, approximately 3,000 square feet of area in the Building (the "**Licensed Premises**"). The Licensed Premises is shown on the floor plan attached hereto as Exhibit A. Licensor also does hereby grant to Licensee temporary license to use, upon the conditions hereinafter provided, the fixtures, furniture and equipment more particularly described on Exhibit B attached hereto (the "**Licensed FF&E**"). Licensee shall have access to, and use of, the conference rooms, pantries, restrooms and the other common areas of the Premises (collectively, the "**Common Areas**").

(b) Licensee accepts the Licensed Premises and Licensed FF&E in their "as-is, where-is" condition, with all faults, and without any representation, warranty or obligation on the part of Licensor to pay any improvement allowance to Licensee with respect to the Licensed

Premises, to modify, improve or otherwise prepare the Licensed Premises for Licensee's occupancy other than the construction of a demising wall generally in the location noted on Exhibit A, or as to the quality of the Licensed FF&E or whether or not it is functional or can be used by Licensee for any purpose.

(c) Licensee shall have no right to enter, and shall prevent its employees, agents, contractors, licensees and invitees from entering, any portions of the Premises other than the Licensed Premises and the portion of the Premises used for ingress and egress to and from the Licensed Premises.

(d) Each party shall use commercially reasonable efforts to prevent its agents, employees or contractors from discovering or otherwise coming into contact with confidential information of the other party, and shall treat in whole such information confidentially in accordance with the Confidentiality Agreement.

(e) This Agreement does not and shall not be deemed to constitute a lease or a conveyance of the Licensed Premises or the Licensed FF&E by Licensor to Licensee, or to confer upon Licensee any right, title, estate or interest in the Licensed Premises or the Licensed FF&E. This Agreement grants to Licensee only a personal privilege to use and occupy the Licensed Premises and use the Licensed FF&E for the License Term on and subject to the terms and conditions set forth herein.

2. Term.

(a) Subject to and upon the covenants, agreements and conditions set forth in this Agreement, the term of this License (the "**License Term**") shall commence on the Closing and expire at 5:59 PM Pacific Time on December 31, 2016, subject to termination as set forth in Section 2(b) below.

(b) Licensor shall have the right, at any time, to terminate this Agreement for cause, which shall be deemed to exist (i) in the event Licensee has defaulted in the performance of any obligations, duties and responsibilities under this Agreement and has not cured the default within ten days after receiving written notice thereof from Licensor (or such lesser cure period as might be practicable under the circumstances in the event of an emergency); or (ii) in the event of Licensee's bankruptcy, insolvency, receivership or liquidation. Any such termination shall be effective five Business Days following Licensee's receipt of written notice of termination from Licensor or in the event of a termination under clause (ii), upon the commencement of such event, regardless whether the event is later terminated. If the Prime Lease is terminated or cancelled for any reason, then this Agreement shall terminate simultaneously.

3. Use. Licensee shall use and occupy the Licensed Premises and use the Licensed FF&E solely for the conduct of the BOT Business and incidental office and administrative uses in accordance with this Agreement and the Prime Lease, and for no other use.

4. Legal and Contractual Compliance.

(a) Licensee, at its sole cost and expense, shall comply with all present and future laws, rules, orders, ordinances, regulations, of all governmental authorities now existing or hereafter created, and of any applicable fire rating bureau, or other body exercising similar functions, which are applicable to Licensee's use and occupancy of the Licensed Premises and use of the Licensed FF&E (the "**Requirements**").

(b) This Agreement is subject to the Prime Lease and to all underlying leases and mortgages now or hereafter affecting the real property of which the Licensed Premises is a part and to all renewals, modifications, consolidations, replacements and extensions of such leases and mortgages. Licensee shall obtain the prior written consent of Licensor and Landlord with respect to any act which, if performed by Licensor, would require Landlord's approval under the Prime Lease, and Licensor may withhold its consent if Landlord's consent is not obtained. Each provision under the Prime Lease in which Licensor is required to (i) indemnify, release or waive claims against Landlord and/or (ii) execute and deliver documents or notices to Landlord, shall be binding on Licensee as to the Licensed Premises as if incorporated fully in this Agreement and shall run from Licensee to both Landlord and Licensor (provided, however, all such notices and documents shall be delivered to Licensor). Licensee shall have no right to contact Landlord directly for any reason whatsoever. This Section 4(b) is self-operative.

(c) Licensee will keep the Licensed Premises and Licensed FF&E in clean, safe, sanitary and operating condition, will take good care thereof, and will suffer no waste or injury thereto. Licensee shall not do or permit anything to be done in, about or with respect to the Licensed Premises that would (i) injure the Building or the Licensed Premises or the Licensed FF&E; (ii) vibrate, shake, overload, or impair the efficient operation of the Premises or the building systems located therein; (iii) cause the Prime Lease or the rights of Licensor, as tenant thereunder, to be canceled, terminated or forfeited or which would make Licensor liable for any damages, claim or penalty; or (iv) otherwise violate the Prime Lease. Licensee shall comply with all reasonable rules and regulations promulgated from time to time by Licensor.

(d) Licensee shall not, without the prior written consent of Licensor, use, store, transport or dispose of any Hazardous Materials in or about the Licensed Premises except in compliance with applicable Requirements. Licensee, at its sole cost, shall comply with all laws relating to its use of Hazardous Materials. If Hazardous Materials stored, used, disposed of, emitted or released by Licensee or its agents, employees or contractors result in contamination of the Licensed Premises or the Building in which the Licensed Premises are situated or the water or soil thereunder, then Licensee shall promptly take any and all action necessary to clean up such contamination as required by law. "**Hazardous Materials**" shall mean any material or substance that is now or hereafter designated by any applicable governmental authority to be, or regulated by any applicable governmental authority as, radioactive, toxic, hazardous or otherwise a danger to health, reproduction or the environment.

5. License Fee and Security Deposit.

(a) Licensee is granted this License to use the Licensed Premises and Licensed FF&E during the License Term in consideration of a license fee ("**License Fee**") of $9,528.58 per month from the Effective Date through April 30, 2016, and $9,814.44 per month, from May 1, 2016 through December 31, 2016, payable in advance on the 1st of each calendar month by wire transfer to such bank account as Licensor shall notify Licensee of from time to time. License Fees for any partial month shall be properly prorated on a daily rate basis based on the number of days in the applicable month.

(b) If Licensee fails to pay any payment of License Fee as and when due under this Agreement, then such outstanding payments shall accrue interest from the date due, at the one year LIBOR rate on the last Business Day of the applicable calendar quarter prior to the date on which such payment was due, plus seven percentage points, calculated on the basis of a 360-day year, or, if lower, the maximum rate permitted by law.

(c) Upon execution of this Agreement, Licensee shall pay to Licensor funds in the amount of $11,718.95 as security for Licensee's full and timely performance of all of the provisions hereof. Licensor may (but shall not be required to) use such security deposit (or any portion thereof), together with any interest earned thereon, to cure any default under this Agreement or to compensate Licensor for any damage Licensor incurs as a result of Licensee's failure to perform any of its obligations under this Agreement. In such event, and upon written notice specifying the amount of the security deposit so utilized by Licensor and the particular use for which such amount was used, Licensee shall immediately deposit with Licensor an amount sufficient to return the security deposit to an amount equal to the full amount specified, failing which Licensor shall have the same rights and remedies as for the non-payment of the License Fee. If Licensee is not in default at the expiration or termination of this Agreement, Licensor shall return to Licensee the security deposit or the balance thereof then held by Licensor, together with any interest earned thereon.

6. Assignment or Other Occupants. Licensee will not assign or otherwise transfer this License, or permit occupancy or use by another party of the Licensed Premises or Licensed FF&E, or any part thereof.

7. Alterations. Except as set forth on Exhibit C to this Agreement, Licensee shall make no alterations, installations, additions or improvements in or to the Licensed Premises or the Building without Licensor's prior written consent, which consent may be granted or withheld in Licensor's sole discretion. Licensee shall bear all of the costs of any alterations, installations, additions, or improvements. Except as Licensor otherwise may permit in writing, Licensee shall remove, at Licensee's sole cost and expense, all alterations, installations, additions, or improvements that Licensee installs in the Licensed Premises.

8. Surrender. Nothing contained in this Agreement will be deemed to permit Licensor to retain possession of the Licensed Premises after the expiration or earlier termination the License Term. At the expiration or other termination of the License term, except as provided in Section 7 above, Licensee will surrender the Licensed Premises and the Licensed FF&E in the same order

and condition in which it was on the Effective Date, ordinary wear and tear and damage due to casualty or condemnation excepted. If Licensor fails to deliver vacant possession of the Licensed Premises in the manner required under this Agreement on or prior to the expiration or earlier termination of the License Term, such failure will not be deemed to extend the License Term and Licensee shall be deemed to be a trespasser and shall pay to Licensor promptly upon demand therefor, for each day or portion thereof during which Licensee retains possession of the Licensed Premises after such expiration or earlier termination, an amount equal to $490.72 per day (in addition to all other amounts set forth herein). The provisions of this Section 8 will not be deemed to limit or constitute a waiver of any other rights or remedies provided herein or at law or in equity, including Licensor's right to immediately remove Licensee, Licensee's property and the Licensed FF&E from the Licensed Premises. Licensee shall additionally indemnify and hold Licensor harmless from and against all loss, liability, costs and expenses of any kind or nature (including, without limitation, reasonable attorneys' fees and disbursements) resulting from or arising out of Licensee's failure to comply with the provisions of this Section 8. If any of Licensee's property remains in the Licensed Premises at the expiration or earlier termination of the License Term, such property shall be deemed Licensor's property and Licensee shall be liable to Licensor for all costs of storage and/or removal of such property. The provisions of this Section 8 will survive the expiration or earlier termination of the License Term.

9. Signage. No sign, advertisement or notice shall be inscribed, painted, affixed or displayed on any part of the Licensed Premises, including window displays, without Licensor's prior written approval.

10. Services and Repairs. Except as set forth in the Transition Services Agreement, Licensee acknowledges and agrees the Licensor has no obligation under this Agreement to provide work, services, utilities, access, repairs or restoration with respect to the Licensed Premises, the Licensed FF&E or any other portion of the Building that are the obligations of Landlord to provide under the Prime Lease or to perform any other obligations of Landlord under the Prime Lease, and that Licensor's sole obligation with respect to any of the foregoing is to promptly, following the written request of Licensee, request that Landlord perform its obligations under the Prime lease. Licensor shall in no event be liable to Licensee nor shall the obligations of Licensee under this Agreement be impaired or the performance thereof abated, reduced or excused because of any failure or delay on the Landlord's part in performing or providing any of the foregoing. Any and all injury, breakage or damage to the Licensed Premises or the Building of which they are a part, arising from any cause, done by Licensee or its agents, contractors, or employees, shall be repaired by Licensee at Licensee's sole expense, to the reasonable satisfaction of Licensor.

11. Indemnification. Licensee agrees to indemnify, protect, defend and save harmless Licensor and Licensor's partners, officers, directors, contractors, agents and employees form and against any and all liability (statutory or otherwise), claims, suits, demands, damages, judgments, costs, fines, penalties, interest and expenses (including, without limitation, reasonable counsel and other professional fees and disbursements incurred in connection therewith) to which Licensor and/or any such partner, officer, director, contractor, agent or employee may be subject or suffer arising from, or in connection with: (a) any liability or claim for any injury to, or death of, any person or persons, or damage to property (including any loss of use thereof), occurring in

or about the Licensed Premises; (b) the use and occupancy of the Licensed Premises or use of the Licensed FF&E, or from any work, installation or thing whatsoever done or omitted (other than by Licensor or its agents or employees) in or about the Licensed Premises during the License Term; (c) any breach by Licensee of any of its representation, warranties or obligations set forth in this Agreement; and/or (d) any act, omission, carelessness, negligence or misconduct of Licensee or Licensee's agents, employees, contractors or visitors.

12. Insurance. Licensee shall obtain and keep in full force and effect during the License Term, at Licensee's own cost and expense, (i) commercial general liability insurance naming Licensee, Licensor, Landlord and any other persons designated by Licensor as insured, in a combined single limit amount of not less than $5,000,000 in the aggregate, with a deductible not in excess of $10,000; and (ii) all-risk property insurance in an amount sufficient to cover Licensee's property located within the Licensed Premises. The company or companies writing the insurance that Licensee is required to carry and maintain or cause to be carried or maintained pursuant to this License as well as the form of such insurance shall at all times be subject to Licensor's approval and any such company or companies shall be licensed to do business in the jurisdiction in which the Building is located. Licensee's commercial general liability insurance policy and certificates evidencing such insurance shall name Licensor as additional insured and shall also contain a provision by which the insurer agrees that such policy shall not be canceled except after 30 days' written notice to Licensor. Licensee agrees to provide to Licensor, prior to commencing its use of the Licensed Premises, the certificates evidencing such insurance. Any insurance carried or to be carried by Licensee under this Agreement shall be primary over any policy that might be carried by Licensor. If Licensee fails to perform any of its obligations regarding the acquisition and maintenance of insurance, Licensor may perform the same and the reasonable, direct, out-of-pocket cost of same shall be payable to Licensor upon Licensee's receipt of written demand therefor accompanied by an invoice showing in reasonable detail such costs. Each party shall include in each of its policies insuring against loss, damage or destruction by fire or other casualty, a waiver of the insurer's right of subrogation against the other party. Each party hereby releases the other party with respect to any claim (including a claim for negligence) which it might otherwise have against the other party for loss, damage or destruction with respect to its property (including rental value or business interruption), occurring during the License Term to the extent to which such party is insured under a policy containing a waiver of subrogation or naming the other party as an additional insured, as provided in this Section. Both parties shall secure waiver of subrogation endorsements from their respective insurance carriers as to the other party.

13. Access and Parking. Licensor and its representatives (and Landlord and its representatives) shall have the right, from time to time throughout the License Term, to enter any portion of the Licensed Premises at all reasonable times during normal business hours to examine the same, to show the same to prospective purchasers, mortgagees or lessees of the Building or any space therein, and to make such repairs and alterations as Licensor or Landlord may deem necessary or desirable to the Licensed Premises or any other portion of the Building. Licensor shall use reasonable efforts to give notice prior to Licensor entering, and to minimize any interference Licensor may cause with Licensee's use of, the Licensed Premises. Licensee shall have access to the Licensed Premises on a 24/7 basis. Access to the Licensed Premises shall be controlled by a card key system maintained by [Landlord]. Licensee shall be given [●]

card keys. If Licensee requires additional card keys, the Licensee shall promptly reimburse Licensor for Licensor's costs therefor. Licensee's right to use the parking areas serving the Building shall be in accordance with the provisions of the Prime Lease regarding parking.

14. Default and Remedies. If Licensee shall default in fulfilling any of its covenants or obligations under this Agreement, Licensor may exercise any rights and remedies available to Licensor at law or equity, including terminating this Agreement and the License after first giving (a) not less than five Business Days' written notice to Licensee in the event of any default in the payment of any monetary obligations under this Agreement; and (b) not less than 20 days' written notice in the event of any non-monetary default. In the event of such termination, Licensee shall however remain liable to Licensor for all money and other damages arising from such default.

15. WAIVER OF JURY TRIAL . LICENSOR AND LICENSEE HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER ON OR IN RESPECT OF ANY MATTER WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS LICENSE, THE RELATIONSHIP OF LICENSOR AND LICENSEE UNDER THIS AGREEMENT, LICENSEE'S USE OF THE LICENSED PREMISES AND/OR LICENSED FF&E, AND/OR ANY CLAIM OF INJURY OR DAMAGE.

16. Liability. It is expressly agreed by the parties hereto that Licensor shall not be liable to Licensee, or to any of its employees, customers, or business invitees, for any damage, injury, loss, compensation or claim, including but not limited to claims for the interruption of or loss to Licensee's business, based on, arising out of, or resulting from any cause whatsoever. All personal property of Licensee, its employees, agents, or invitees, in and on the Licensed Premises or any part of the Building, shall be and remain therein under any and all circumstances at the sole risk of said parties and Licensor shall in no event be liable to any such person or party for any damage to, or loss thereof. Licensor shall not be liable for any personal injury to Licensee, Licensee's employees, agents, business invitees, customers, clients, family members, guests or trespassers arising from the use and condition of the Licensed Premises, the Licensed FF&E, or any part of the Building.

17. Relationship. Licensor and Licensee acknowledge and agree that this Agreement does not and will not create any landlord-tenant relationship, licensor-licensee relationship or any privity of contract of any type between Landlord and Licensee. Further the parties agree that Landlord's consent to this Agreement does not act as a waiver of any of Landlord's rights under the Prime Lease.

18. Broker. Licensor and Licensee each represent and warrant one to another that neither of them has employed any broker in carrying on the negotiations, or had any dealings with any broker, relating to this License.

19. Landlord's Consent. This License is subject to the prior consent of Landlord, and Licensee shall pay not later than 10 days' following receipt of written invoice therefor any and all consent fees that Landlord imposes upon Licensor in connection with the request for Landlord's consent.

20. Miscellaneous Provisions.

(a) This License, including Exhibit A attached to this Agreement and made a part hereof, constitutes the entire agreement between the parties concerning the subject matter of this License and supersedes all prior or contemporaneous representations, negotiations, conditions, communications and agreements, whether oral or written, between the parties relating to the subject matter of this License and all past courses of dealing or industry custom. No amendment, modification or waiver of any provision of this License shall be effective unless in writing and signed by duly authorized signatories of both parties.

(b) The waiver by either party of a default under any provision of this License shall not be construed as a waiver of any subsequent default under the same or any other provision of this License, nor shall any delay or omission on the part of either party to exercise or avail itself of any right or remedy that it has or may have under this Agreement operate as a waiver of any right or remedy.

(c) In the event that any of the provisions of this License shall be held by a court or other tribunal of competent jurisdiction to be invalid or unenforceable, the remaining portions hereof shall remain in full force and effect and such provision shall be enforced to the maximum extent possible so as to effect the intent of the parties and shall be reformed to the extent necessary to make such provision valid and enforceable. If necessary, the valid and enforceable provision(s) shall be negotiated by the parties and substituted therefore to accomplish the intent of the severed provision(s) as nearly as practicable.

(d) Any and all matters in dispute between the parties to this agreement, whether arising from or relating to the agreement itself, or arising from alleged extra-contractual facts prior to, during, or subsequent to the agreement, including, without limitation, fraud, misrepresentation, negligence or any other alleged tort or violation of the contract, shall be governed by, construed, and enforced in accordance with the laws of the State of California, regardless of the legal theory upon which such matter is asserted and without regard to the principles of conflict of laws. The parties submit to the jurisdiction and venue of the courts within the State of California. If either party files suit in any court of competent jurisdiction to enforce its rights under this Agreement, then the prevailing party shall be entitled to recover from the other party all costs of such action or suit, including, but not limited to, investigative costs, court costs and reasonable attorneys' fees (including expenses incurred to collect those expenses).

(e) All notices, consents, demands and requests, required or permitted to be given under this License, shall be given in writing and addressed to the Party to whom the notice is to be given at the following address: (i) if to Licensor, at XOMA Corporation, 2910 Seventh Street, Berkeley, CA 94710, Attention: General Counsel, with a copy to Morrison & Foerster LLP, 425 Market Street, San Francisco, CA 94105, Attention: Van W. Ellis; and (ii) if to Licensee at Nanotherapeutics, Inc., 13859 Progress Blvd., Suite 300, Alachua, FL 32615, Attention: James Talton, with a copy to Nanotherapeutics, Inc., 13859 Progress Blvd., Suite 300, Alachua, FL 32615, Attention: Andy Cziotka. Any notice or demand required or allowed under this License shall be in writing and shall be delivered by (1) registered or certified mail, return

receipt requested; (2) personal delivery by a reputable delivery service with signature required therefor or refusal noted thereon; (3) facsimile if the notice address includes a facsimile number with hard copy to follow by delivery by method (1), (2), or (5) of this Section; (4) electronic mail if the notice address includes an electronic mail address with hard copy to follow by method (1), (2), or (5) of this Section; or (5) overnight delivery such as Federal Express or other similarly reputable carrier. Notice given by counsel to a party shall be considered notice given by a party. Any notice or demand shall be deemed to have been given upon actual delivery (or refusal of delivery). Any party may change its address for notices under this License by giving formal written notice to the other party in accordance with this Section upon at least 30 days' prior written notice, specifying that the purpose of the notice is to change the party's address.

(f) This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns.

(g) The paragraph headings of this Agreement are for the convenience of reference only, and do not form a part hereof and do not in any way modify, interpret, or construe the intentions of the Parties. Each party has read and agreed to the specific language of this Agreement and no conflict, ambiguity, or doubtful interpretation shall be construed against the drafter. All defined terms include the plural as well as the singular, as the context may require. All of the recitals contained in this Agreement are hereby incorporated in this Agreement by reference.

(h) Licensee represents and warrants that this License has been duly authorized, executed and delivered by and on behalf of Licensee, and constitutes the valid and binding agreement of Licensee in accordance with the terms hereof. Licensor represents and warrants that this License has been duly authorized, executed and delivered by and on behalf of Licensor, and constitutes the valid and binding agreement of Licensor in accordance with the terms hereof.

(g) This License may be executed by facsimile, electronic communication in portable document format (.pdf) or duplicate originals, and the Parties agree that their electronically transmitted signatures shall have the same effect as manually transmitted signatures. This License may be executed in one or more counterparts, each of which shall constitute an original, but all of which when taken together shall constitute one and the same instrument for effective execution.

[Signatures on following page.]

IN WITNESS WHEREOF, Licensor and Licensee have caused this License to be executed and delivered as their act and deed, intending to be legally bound by its terms and provisions.

LICENSOR:

XOMA CORPORATION, a Delaware corporation

By: _____
Name: _____
Title: _____

LICENSEE:

NANOTHERAPEUTICS, INC., a Delaware corporation

By: _____
Name: _____
Title: _____

LICENSE CONSENTED TO:

7TH STREET PROPERTIES II, a California limited partnership

By: _____
Name:
Title:

EXHIBIT A

Licensed Premises

XOMA 4, First Floor, Nano CA (Yellow)

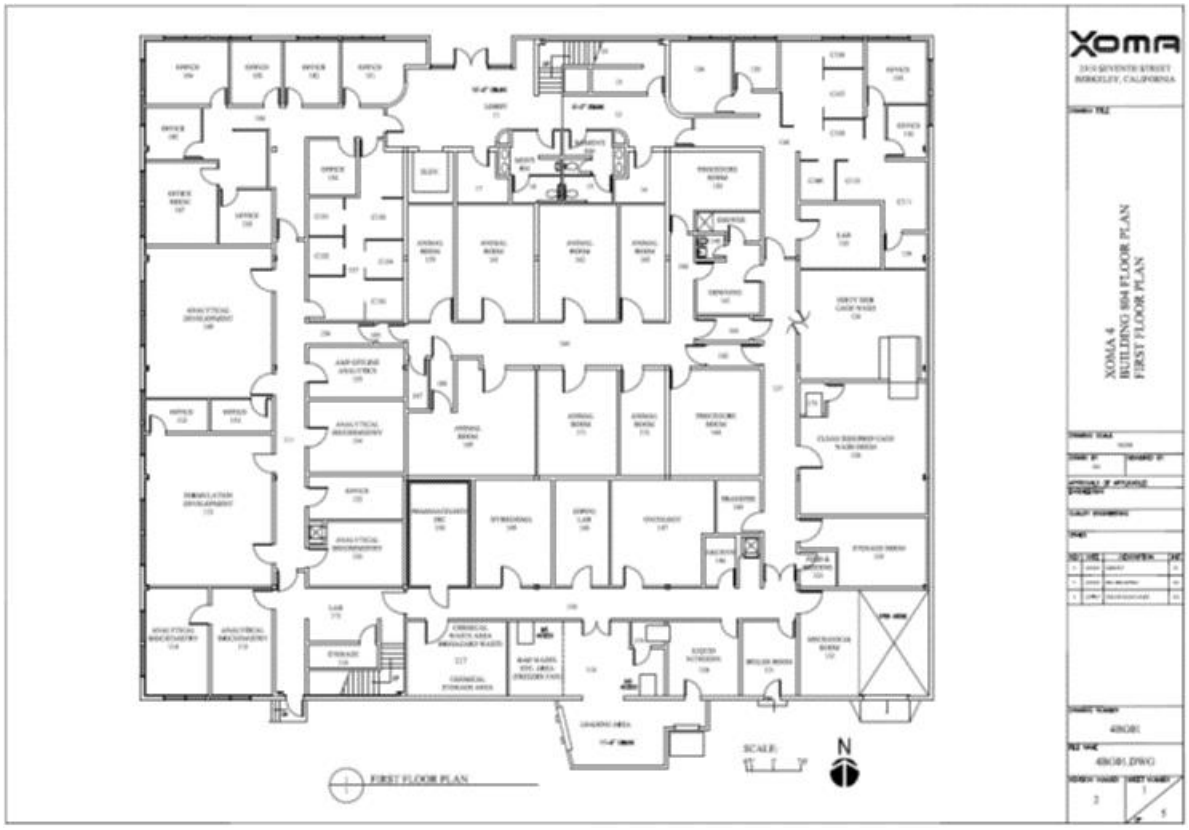

EXHIBIT B

Licensed FF&E

Desks

Chairs

Phones

EXHIBIT C

Licensee Alterations

1. Construction of building standard demising walls for the offices and cubicle areas in the locations shown on Exhibit A.

Exhibit G

NIAID SUBCONTRACT

ADMINISTRATIVE SUBCONTRACT

This ADMINISTRATIVE SUBCONTRACT (this "Agreement") dated as of [____] _____, 2015 (the "Effective Date"), is made and entered into between (i) Nanotherapeutics, Inc., a Delaware corporation ("Subcontractor") and (ii) XOMA (US) LLC, a Delaware limited liability company ("Contractor"). Contractor and Subcontractor are sometimes individually referred to herein as a "Party" and collectively as the "Parties." Capitalized terms used in this Agreement and not otherwise defined in this Agreement shall have the meanings given to them in the Asset Purchase Agreement (which is defined below).

R E C I T A L S

A. The National Institutes of Health, National Institute of Allergy and Infectious Diseases ("NIAID") awarded Contract No. HHSN272201100031C to Contractor effective September 30, 2011. A copy of the original contract, and all amendments thereto (together the "NIAID Contract"), is attached hereto as Exhibit A.

B. Contractor and Subcontractor entered into an Asset Purchase Agreement, dated November 4, 2015 (the "Purchase Agreement"), whereby Subcontractor will purchase from Contractor certain assets, including those assets to be used in performing the NIAID Contract, along with Contractor's rights and obligations in the NIAID Contract.

C. Contractor and Subcontractor, as part of the Purchase Agreement, have agreed to request that the NIAID Contracting Officer, on behalf of the United States Government (the "Government") approve and enter into a Novation Agreement that will formally transfer and assign all of the Contractor's rights and obligations in the NIAID Contract to Subcontractor (the "Novation Request").

D. Pending Government approval of the Novation Request, the Parties desire to enter into a subcontract arrangement whereby Subcontractor is obligated to meet all of the objectives, perform all of the tasks and technical requirements, timely provide all of the deliverables, and comply with all of the terms and legal obligations in the NIAID Contract to the same extent as if the NIAID Contract had been awarded to Subcontractor.

E. This Agreement supplements, and does not supersede, Section 2.5 of the Purchase Agreement.

NOW, THEREFORE, for valuable consideration received, Contractor and Subcontractor agree as follows:

1. The NIAID Contract in its entirety, and all contract documents relating thereto, including but not limited to delivery orders, supplements, schedules, amendments, and change orders issued and to be issued by the Government, are hereby incorporated by reference into this Agreement.

2. Subcontractor shall assume all of Contractor's obligations and liabilities relating to the NIAID Contract arising after the Effective Date and shall be bound by all of the requirements and obligations in the NIAID Contract as if Subcontractor were the original party to the NIAID Contract. In addition, Subcontractor shall comply with all applicable Laws governing the performance of the NIAID Contract.

3. During the period between the Effective Date and the earlier of (1) the date on which the Government approves the Novation Request and enters into a Novation Agreement, (2) cancellation of this Agreement due to the Government's failure to approve the Novation Request (collectively, the "Interim Period"), or (3) expiration of the NIAID Contract, Subcontractor shall meet all of the objectives, perform all of the tasks and technical requirements, file all necessary reports, and timely provide all of the deliverables set forth in the NIAID Contract and the associated Statement of Work dated [___], as amended, which is incorporated into the NIAID Contract by reference.

4. All payments, expenses, cost reimbursements, fees, and other similar payments (collectively, the "Payments") attributable to performance of the NIAID Contract are to be for the account of Subcontractor during the Interim Period.

5. Subcontractor shall indemnify and hold Contractor harmless against any and all claims, losses, or liabilities arising in connection with Subcontractor's performance (including any omission or failure to act by the Subcontractor, or its employees, agents or Affiliate(s)) of the NIAID Contract, subject to the time limitations listed in Section 2.

6. Any of the following shall be prepared by Subcontractor in the name of Contractor and submitted for approval to (and, if required, certification by) Contractor:

(i) Correspondence directed to the Government regarding performance of the NIAID Contract;
(ii) Invoices;
(iii) Bids or proposals for new or additional work;
(iv) Requests for equitable adjustment(s);
(v) Cost claims;
(vi) Requests or approval for a contract modification; and
(vii) Requests for final decisions from the Government.

If approved, any such request will be signed or certified by Contractor and shall be submitted by Contractor to the Government.

7. Contractor has designated KAREN THOMAS as Contractor's Contract Representative to receive and execute any documents related to Subcontractor's performance under the NIAID Contract, and Subcontractor has designated JOANNE BROWN as Subcontractor's Contract Representative to submit such documents to, and receive such documents from, the Contractor's Designated Contract Representative. Either Party may change its Designated Contract Representative by written notice to the other.

All notices under this Agreement shall be given to the other Party's Designated Contract Representative by (a) registered or certified mail, return receipt requested; (b) personal delivery by a reputable delivery service with signature required therefor or refusal noted thereon; (c) facsimile or email (in either case with a hard copy to follow by delivery by method (a), (b), or (d) of this Section); or (d) overnight delivery such as Federal Express or other similarly reputable carrier. Any notice or demand shall be deemed to have been given upon actual delivery.

8. To the extent permitted by law, Contractor shall cause Payments received from the Government by Contractor for Subcontractor's performance of the NIAID Contract to be to be deposited into a bank account in the name of Subcontractor within five (5) business days after the Contractor's date of receipt.

9. Upon Government approval of the Novation Request, this Agreement shall be automatically terminated without any further action by the Parties; provided, however, that (i) Subcontractor shall continue to be responsible for all obligations and liabilities relating to the NIAID Contract arising during the term of this Agreement; and (ii) the Parties' duties under Sections 2-7, 10-12, 14-16, 18, and 23 of this Agreement shall survive such termination.

10. During the Interim Period, any Subcontractor dispute (or any dispute arising from Subcontractor's lower tier subcontractors or suppliers) originally derived or resulting in any way from any act, obligation, omission, directive, or actual or constructive change by the Government that is not disposed of by agreement may be drafted and properly prepared by Subcontractor for presentation to the Contractor. Subject to Contractor's prior approval, which shall not be unreasonably withheld, the Contractor will present the dispute or claim to the Government for a final decision pursuant to the applicable FAR Disputes clause. If the Government's final decision has an adverse effect on the Subcontractor, then Subcontractor shall have the right to assert Contractor's right of appeal in the name of Contractor to the appropriate Board of Contract Appeals or to the U.S. Court of Federal Claims and to prosecute such appeal under the applicable Disputes clause, subject to Contractor's prior approval. Contractor agrees to give Subcontractor prompt notice of any decision relating to Subcontractor's dispute. Subcontractor shall have full responsibility for preparing and presenting documents related to any Subcontractor dispute with the Government and shall bear all expenses, including attorneys' fees, in connection therewith and any appeal shall be at no cost to Contractor. Contractor and Subcontractor shall be equally bound by the decision of the Board of Contract Appeals or Court of Federal Claims on any appeal pursuant to this paragraph.

11. If, prior to the expiration of the NIAID Contract, the Government refuses to allow Subcontractor to perform the NIAID Contract during the Interim Period, or has not acted on the Novation Request within eighteen (18) months from the Effective Date of this Agreement, or refuses to approve the Novation Request under substantially the same terms and conditions in effect at the time of the Closing, Contractor and Subcontractor shall for a period of thirty (30) days consult in good faith on how to proceed.

12. Each Party to this Agreement represents and warrants to the other Party that (a) this Agreement constitutes a valid and binding obligation of such Party, enforceable against it in accordance with its terms and (b) the execution, delivery and performance of this Agreement by such Party will not violate any of its organizational documents or any agreement, judgment, order, decree, or other obligation or legal requirement to which such Party is subject or by which it is bound.

13. All Federal Acquisition Regulation ("FAR") clauses set forth or incorporated in the NIAID Contract that are by their terms required to be included in subcontracts are incorporated in this Agreement with the same force and effect as if set forth in full text. This Agreement will be deemed to incorporate the same version of each FAR clause that is incorporated into the NIAID Contract, and all other clauses required by applicable Law.

14. The Parties agree that a breach of any of the terms, conditions, or other obligations under this Agreement may result in irreparable harm to the non-breaching Party. The failure of either Party to perform any of the terms, conditions, and obligations established by this Agreement shall give rise to a right in the non-breaching Party to seek enforcement of this Agreement in a court of equity by a decree of specific performance or injunction. Except as otherwise provided in this Agreement, this remedy shall be cumulative and in addition to any other remedies the Parties may have.

15. This Agreement is governed by and shall be interpreted and enforced in accordance with the laws of the State of California, without reference to its choice of law rules, except that all questions of interpretation of any agency regulation, FAR provision, or applicable federal law shall be interpreted according to the federal common law of government contracts as enunciated and applied by federal boards of contracts appeals and courts.

16. Each Party irrevocably consents and agrees that any action, suit or proceeding (except a dispute arising under Section 10) arising in connection with this Agreement (for purposes of this Section 16, a "Legal Dispute") shall be subject to the exclusive jurisdiction of the courts of the State of California or the federal courts located therein and consents to personal jurisdiction within the courts of the State of California or the federal courts located therein. Each Party waives, and agrees not to assert, as a defense in any Legal Dispute, that it is not subject to the jurisdiction of the courts of the State of California or the federal courts located therein. Each Party agrees that a final judgment in any action, suit or proceeding described in this Section 16 after the expiration of any period permitted for appeal and subject to any stay during appeal shall be conclusive and may be enforced in other jurisdictions.

17. Subcontractor's relationship with Contractor will be that of an independent contractor and nothing in this Agreement should be construed to create a partnership, agency, joint venture, or employer-employee relationship.

18. Neither this Agreement nor any interest herein may be assigned by Subcontractor, in whole or in part, without the prior written consent of Contractor (such consent not to be unreasonably withheld, conditioned or delayed), other than to an Affiliate of Subcontractor that assumes Subcontractor's obligations under this Agreement, in which case no consent of Contractor would be required.

19. This Agreement and the Purchase Agreement, together with the schedules and attachments annexed thereto, constitute the entire agreement between the Parties with respect to the subject matter hereof and supersede all past contracts, representations, and agreements with respect to the subject matter of this Agreement. This Agreement will not be deemed or construed to be modified, amended, rescinded, canceled or waived in whole or in part except by written amendment that refers specifically to the applicable section(s) of this Agreement and that is signed by the Parties and, to the extent necessary, approved by the Government.

20. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid. If any provision of this Agreement is found invalid, such provision will be ineffective only to the extent of such invalidity, without invalidating the remainder of this Agreement.

21. The Parties may execute this Agreement in counterparts, including electronic mail/PDF or other electronic counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument.

22. This Agreement shall be binding upon and inure solely to the benefit of the Parties and permitted successors and assigns, and nothing in this Agreement is intended to confer upon any other person any rights or remedies of any nature.

23. The failure of a Party to exercise any right or remedy shall not be deemed to constitute a waiver of such right or remedy in the future. No waiver shall be deemed to constitute a waiver of any other provision, nor shall any waiver constitute a continuing waiver unless otherwise expressly provided.

[The next page is the signature page.]

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the Effective Date.

SUBCONTRACTOR:

NANOTHERAPEUTICS, INC.

By: _____
Name:
Title:

CONTRACTOR:

XOMA (US) LLC

By: _____
Name:
Title:

Exhibit H

SAFC AUTHORIZATION LETTER

XOMA (US) LLC ("**XOMA**") hereby authorizes SAFC BIOSCIENCES, INC. to supply the materials listed in Annex A ("**Materials**") hereto below to NANOTHERAPEUTICS, INC. ("**Nanotherapeutics**") for use by Nanotherapeutics solely to the extent permitted by, and subject to the confidentiality obligations of, the Asset Purchase Agreement entered into by and between Nanotherapeutics and XOMA effective as of November 4, 2015.

XOMA (US) LLC

By: _____
Name: _____
Title: _____
Date: _____

Acknowledged and Agreed

NANOTHERAPEUTICS, INC.

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

SAFC BIOSCIENCES, INC.

By: _____
Name: _____
Title: _____
Date: _____

Annex A

Cell Culture Media & Feed for XOMA 089

Material	Characteristic	Supplier	Product Number
XJEM Medium	Powder/ Granular	SAFC	68294C
XJEM Feed (without NaCL)	Granular Powder	SAFC	68293C
XS 11 Feed	Powder	SAFC	68133C

Exhibit I

GIBCO AUTHORIZATION LETTER

XOMA (US) LLC ("**XOMA**") hereby authorizes THERMOFISHER SCIENTIFIC INC. to supply the materials listed in Annex A ("**Materials**") hereto below to NANOTHERAPEUTICS, INC. ("**Nanotherapeutics**") for use by Nanotherapeutics solely to the extent permitted by, and subject to the confidentiality obligations of, the Asset Purchase Agreement entered into by and between Nanotherapeutics and XOMA effective as of November 4, 2015.

XOMA (US) LLC

By: _____
Name: _____
Title: _____
Date: _____

Acknowledged and Agreed

NANOTHERAPEUTICS, INC.

By: _____ By: _____
Name: _____ Name: _____
Title: _____ Title: _____
Date: _____ Date: _____

THERMOFISHER SCIENTIFIC INC.

By: _____
Name: _____
Title: _____
Date: _____

Annex A

Cell Culture Media & Feed for XOMA 089

Material	Characteristic	Supplier	Product Number
XPM -6 AGT Medium	Powder	GIBCO	A15064

Exhibit J

TRANSITION SERVICES AGREEMENT

This **TRANSITION SERVICES AGREEMENT** (this "Agreement") is dated as of [_____] [__], 2015, by and between XOMA (US) LLC, a Delaware limited liability company (the "Seller") and Nanotherapeutics, Inc., a Delaware corporation (the "Buyer").

RECITALS

WHEREAS, as set forth in the Asset Purchase Agreement, dated November 4, 2015, between Buyer and Seller (the "Purchase Agreement"), Buyer has agreed to purchase from Seller and Seller has agreed to sell, transfer, assign and deliver to Buyer the Purchased Assets (as such term and each other capitalized term used herein without definition is defined in the Purchase Agreement) against delivery of the Purchase Price set forth in the Purchase Agreement;

WHEREAS, the Purchase Agreement provides that Seller shall enter into a transition services agreement with Buyer pursuant to which Seller shall provide certain transitional services to Buyer with respect to the BOT Business following the Closing Date for a limited period of time to facilitate the transfer of the Purchased Assets; and

WHEREAS, the parties desire hereby to set forth the terms and conditions upon which Seller shall provide such services to Buyer.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. **Provision of Services; Standard of Performance**.

1.1 Commencing on the date hereof, Seller shall provide or, cause one or more of its Affiliates or third parties to provide to Buyer the services (each, a "Service" and collectively, the "Services") specified on an applicable service schedule or schedules attached hereto as Exhibit A, (each such schedule, a "Service Schedule") for the period of time specified thereon, unless a Service is earlier terminated or extended in accordance with the terms hereof. Each Service shall become subject to this Agreement upon execution of a Service Schedule related thereto. With respect to each Service to be performed by Seller hereunder, the parties shall set forth the following information in the applicable Service Schedule: (i) the time period during which the Service will be provided; (ii) a summary and description of the Service to be provided; (iii) the Fees (as defined in Section 2.1), or estimated Fees, if any, for the Service; and (iv) any other terms applicable thereto or such other information with respect to the Service as the parties may agree.

1.2 Unless a different Performance Standard (as defined in Section 1.4) is set forth in the applicable Service Schedule, Seller agrees to use commercially reasonable efforts to provide Services in substantially the same manner and at substantially the same level as such Services were performed by Seller and/or its Affiliates for the BOT Business immediately prior to the date hereof.

1.3 The Services shall be used by Buyer only for the purposes of conducting the BOT Business and operating the Purchased Assets substantially in the manner that they were conducted and operated, or proposed to be conducted or operated by Seller immediately prior to the Closing Date, and shall not be used for any other purposes, except as may be otherwise agreed to by Seller in writing. Unless otherwise mutually agreed by the parties, with respect to any Service, Seller shall not be required to provide a level of service which is higher than the level of service provided by Seller with respect to the BOT Business or the Purchased Assets as of the Closing Date.

1.4 Seller shall provide to Buyer a monthly report setting forth the Services performed during the preceding month with reference to any performance standards described on any Service Schedule (the "Performance Standards") and containing such additional information as may, from time to time, be reasonably requested by Buyer with respect to any Additional Services (as defined in Section 3.3 below).

1.5 Seller shall use commercially reasonable efforts to provide to Buyer reasonable notice of any scheduled interference with Seller's operating or other systems, including downtime for network maintenance, which is reasonably likely to interrupt the performance of or the availability of equipment necessary for the provision of any Service.

2. **Payment**.

2.1 Buyer shall pay each month to Seller the fee specified for each Service rendered during such month as set forth on the applicable Service Schedule (the "Fees").

2.2 On the last day of each calendar month, Seller shall invoice all Fees owed by Buyer for the Services provided for such month. Unless contesting in good faith the Fees set forth on the invoice, Buyer shall pay such Fees within thirty (30) days of receipt of the invoice by check drawn on good funds or wire transfer of immediately available funds. The invoice shall be accompanied by reasonable documentation supporting such Fees owed and shall set forth the Services or Additional Services provided, the Fees payable for each Service or Additional Service and invoices for Services provided by Seller's Affiliates or third parties, if any.

2.3 Seller shall notify Buyer of any payment obligations with respect to payroll, accounts payable, royalty and other payments, as applicable, owing from week to week by Buyer, if any. Buyer shall within ten (10) days of receipt of the notice remit to Seller, by check drawn on good funds or wire transfer of immediately available funds, an amount equal to the total amount of Buyer's obligations (from week to week) as specified by Seller to Buyer.

2.4 Except as provided in the applicable Service Schedule for a specific Service, Seller shall not be obligated to: (i) hire any additional employees or create new or additional employee or independent contractor positions; (ii) maintain the employment of any specific employee; (iii) purchase, lease, license or otherwise acquire any new or additional assets, equipment or software; (iv) pay any costs related to the transfer or

conversion of Buyer's data to Seller or to any alternate supplier of Services after the term; (v) engage any alternate supplier of Services; or (vi) modify, alter or amend any existing Seller specifications and policies, in order to perform or complete performance of any Service. Any such costs incurred by Seller to take any of the above actions at the request of Buyer in connection with the performance of any Service shall be borne by Buyer, except as set forth on the applicable Service Schedule, and shall be invoiced as Fees pursuant to Section 2.2.

2.5 In the event that the provision of the Services or the relationship created between the parties hereunder gives rise to any Tax (other than a Tax based on income), such Tax shall be the responsibility of Buyer.

3. **Term; Addition and Reduction of Services**.

3.1 Subject to the terms of this Section 3 and of Section 7, the provision of the Services shall commence on the date hereof and, with respect to each Service, shall terminate upon one (1) year from the Closing Date, unless a different period is set forth on the applicable Service Schedule.

3.2 Buyer may terminate any Service by giving thirty (30) days' prior written notice to Seller. Any requested termination of a Service pursuant to this Section 3.2 shall become effective at the end of such thirty (30) day notice period. Seller shall thereafter no longer be obligated to provide such Service and Buyer shall thereafter no longer be obligated to pay for such Service (except with respect to any Fees incurred up to such date). The applicable Service Schedule shall thereafter be amended to reflect the termination of the Service.

3.3 If Buyer desires to extend the term of any Service (or any part thereof) or add any additional service (collectively, the "Additional Services") arising out of or relating to the Services, Buyer shall give Seller thirty (30) days' prior written notice, which notice shall include reasonable details relating to such request. Seller shall not have any obligation to extend any term or provide any Additional Service. Upon execution of such amendment or new Service Schedule, any Additional Service shall be deemed to be a "Service" for all purposes hereunder.

3.4 Seller shall reduce the quantity of any Service provided hereunder upon thirty (30) days' prior written notice from Buyer. Any requested reduction of a Service pursuant to this Section 3.4 shall become effective at the end of such thirty (30) day notice period. The Fees payable with respect to such Service shall be reduced proportionately in accordance with the fee schedule set forth on the applicable Service Schedule with respect to such Service, *provided* that Buyer shall be obligated to reimburse Seller for any reasonable out-of-pocket expenses or costs attributable to such reduction. The applicable Service Schedule shall thereafter be amended to reflect the reduction of such Service.

3.5 Seller shall not be required to provide any of the Services to the extent that the performance of such Services becomes materially more expensive for Seller unless Buyer agrees to pay for the additional cost.

4. **Cooperation; Records; Access**.

4.1 The parties agree to fully cooperate in good faith with each other in connection with the provision of the Services and the matters related to or arising hereunder, including, without limitation, Seller's cooperation with Buyer to enable Buyer to establish its own infrastructure to perform the Services independently of Seller as soon as practicable after the Closing Date; provided, however, that nothing in this Section 4 or elsewhere in this Agreement shall require Seller to incur any out-of-pocket cost in connection with rendering its cooperation to Buyer as hereby contemplated.

4.2 Each of the parties shall create and maintain full and accurate books in connection with the provision of the Services. For a period of no less than two (2) years following the expiration or earlier termination of this Agreement, the parties will maintain, in accordance with their standard document retention procedures, documentation supporting the information relevant to cost calculations contained in the Service Schedules and cooperate with each other in making such information available as needed in the event of a U.S. Tax audit.

4.3 Subject to Buyer's third party confidentiality and data protection obligations, Buyer shall make available during regular business hours (or otherwise upon reasonable prior notice) to Seller or its agents (i) all personnel designated by Buyer to receive or oversee the Services; and (ii) all books and records maintained by Buyer in connection with this Agreement and all other information or materials reasonably requested by Seller to facilitate Seller's performance of this Agreement; provided, however, that any such requests do not unreasonably interfere with the operation of the day-to-day business affairs of Buyer.

4.4 Subject to Seller's third party confidentiality and data protection obligations, Seller shall make available during regular business hours (or otherwise upon reasonable prior notice) to Buyer or its agents (i) all personnel designated by Seller to provide the Services; (ii) all books and records maintained by Seller in connection with this Agreement and all other information or materials reasonably requested by Buyer for the purpose of exercising general oversight and monitoring of the performance of the Services; and (iii) on Seller's premises, all records that Seller has prepared or maintained in providing the Services in order for Buyer to verify the accuracy of the Fees and the proper performance of Services; provided, however, that any such requests do not unreasonably interfere with the operation of the day-to-day business affairs of Seller.

4.5 Each party shall cooperate with and assist the other party in obtaining any third party consents necessary for the performance of the Services, including, without limitation, any required consent under any intellectual property license or real property license or other occupancy agreement. The out-of-pocket costs and expenses of obtaining any such consents shall be borne by Buyer. In the event that the parties are unable to obtain any required consent, the parties shall negotiate in good faith reasonable modifications of the Services so that such consents are not required.

4.6 For any work performed on Buyer's premises, Seller shall comply with all security, confidentiality, safety and health policies of Buyer. Seller shall take all necessary precautions to prevent, and shall be responsible for, any injury to any Persons (including, without limitation, employees of Buyer) or damage to property (including, without limitation, Buyer's property) arising from or relating to Seller's performance of the Services or the use by Seller of any Buyer equipment, tools, facility or other property, whether or not such claim is based upon its condition or on the alleged negligence of Buyer in permitting its use.

5. **Management Process**.

5.1 On the Closing Date, each party shall designate a project manager (a "Project Manager") to report and discuss issues with respect to the provision of the Services. The Project Managers shall meet (either in person or by electronic means) to discuss the performance of the Services as often as reasonably necessary to ensure the orderly provision of the Services, and shall have authority to address and remedy problems related to the provision of the Services. Each party shall designate successor Project Managers in the event that a designated individual is not available to perform such role hereunder.

5.2 In the event that any dispute arises under this Agreement, the parties agree to negotiate in good faith to resolve such dispute prior to seeking relief in accordance with Sections 3.10 and/or 3.11 of the Purchase Agreement. Either party may at any time deliver a notice to the other party that it wishes to refer a dispute to the Project Managers. Following receipt of such notice, the Project Managers shall negotiate in good faith to resolve such dispute within a period of ten (10) days (or such longer period of time as such Project Managers may agree in writing). If at the end of such period, the Project Managers have not fully resolved the dispute, the Project Managers shall within ten (10) days appoint one expert satisfactory to both parties to mediate the dispute and shall share equally the costs thereof. If within twenty (20) days following the appointment of such mediator the parties have not fully resolved the dispute, either party may seek relief in accordance with Sections 3.10 and/or 3.11 of the Purchase Agreement.

6. **Intellectual Property**.

6.1 As used herein, "Work Product" shall include, without limitation, all Intellectual Property Rights (as defined in this Section 6.1) and any related work-in-progress, improvements or modifications to any Intellectual Property Rights that are created, developed or conceived (alone or with others) in connection with the Services. "Intellectual Property Rights" means any invention or discovery, whether patentable or nonpatentable, or copyrightable or non-copyrightable, to the extent that it is conceived or reduced to practice in performing the Services.

6.2 Buyer agrees that all Work Product arising during the term of this Agreement (excluding any Confidential Information (as defined in the Confidentiality Agreement) of Buyer) shall be the property of Seller and hereby assigns all its rights in such Work Product and in all related Intellectual Property Rights to Seller. Buyer

acknowledges that Seller, in its sole discretion, shall have the right to license such Work Product or any portion thereof, and/or incorporate such Work Product or any portion thereof into products or services, for use by other licensees or customers of Seller. At Seller's request and expense, Buyer shall assist and cooperate with Seller in all reasonable respects and shall execute documents, give testimony and take further acts as reasonably requested by Seller to acquire, transfer, maintain and enforce Intellectual Property Rights and other legal protection for such Work Product.

6.3 Subject to Buyer's performance of its obligations hereunder, Seller hereby grants to Buyer a worldwide, non-exclusive, non-transferable license during the term of this Agreement to use, within Buyer's enterprise only, the Work Product solely for Buyer's internal business purposes.

6.4 Buyer hereby disclaims all warranties of any kind, whether express, implied, statutory or otherwise, with respect to any Confidential Information of Buyer or other information or materials supplied by Buyer to Seller hereunder, including, without limitation, any warranties with respect to any specifications for the Work Product or other deliverables required hereunder.

6.5 Except as otherwise expressly provided herein, nothing in this Agreement shall be deemed to grant, directly or by implication, estoppel or otherwise, any right or license with respect to any technology or other Intellectual Property Rights, and each party retains all right, title and interest in and to their respective technologies and other Intellectual Property Rights.

6.6 Buyer hereby agrees to comply with all export laws and regulations of the U.S. Department of Commerce and all other U.S. Government Agencies, including, without limitation, the Export Administration Regulations of the U.S. Department of Commerce Bureau of Export Administration, and further agrees not to export, or allow the export or re-export of, any Confidential Information of Seller in violation of such laws and/or regulations, or without all required consents.

7. **Termination**.

7.1 Subject to the terms of this Section 7, this Agreement shall terminate on the date on which the provision of all Services have been terminated pursuant to Section 3.

7.2 This Agreement may be terminated by either party in advance of the termination date pursuant to Section 7.1 above:

(a) upon written notice to the other party if the other party shall default in the performance of any of its material obligations under this Agreement and such default shall continue and not be remedied for a period of ten (10) days after receipt of prior written notice stating that a default has occurred;

(b) upon written notice to the other party if the other party has filed against it any involuntary petition in bankruptcy or similar proceeding seeking its reorganization, liquidation or the appointment of a receiver, trustee or liquidator for all or substantially all of its assets, whereupon such petition shall not be dismissed within sixty (60) days after the filing thereof, or if the other party shall (A) apply for or consent in writing to the appointment of a receiver, trustee or liquidator of all or substantially all of its assets; (B) file a voluntary petition or admit in writing its inability to pay its debts as they become due; (C) make a general assignment for the benefit of creditors; (D) file a petition or an answer seeking reorganization or an arrangement with creditors or take advantage of any insolvency law; or (E) file an answer admitting the material allegations of a petition filed against it in any bankruptcy, reorganization, insolvency proceedings or similar proceedings; or

(c) upon written notice to the other party if any Force Majeure Event (as defined in Section 9 hereof) occurs and any Services or obligations required to be performed hereunder are interrupted or interfered with for a period in excess of sixty (60) days.

7.3 Upon the termination of this Agreement pursuant to this Section 7, Seller shall no longer be obligated to provide any Services and Buyer shall no longer be obligated to pay for any Services (except with respect to any Fees incurred up to the date of such termination).

7.4 The provisions of Sections 6.3, 7, 9, 10, and 11 shall survive any termination of this Agreement.

8. **Liability**.

8.1 Subject to Article 11 of the Purchase Agreement, Seller shall, to the extent permitted by law, indemnify and hold harmless Buyer and its agents and Affiliates from and against all Losses incurred or sustained by Buyer where such Losses result from the breach of any representation or covenant contained in this Agreement by Seller. Seller's aggregate liability to Buyer for Losses in connection with this Agreement shall not exceed the aggregate Fees paid by Buyer to Seller pursuant to this Agreement. Except as provided above, Seller shall have no liability whatsoever to Buyer for any error, act or omission in connection with the Services to be rendered hereunder, and Seller's sole responsibility to Buyer with respect to the Services shall be as follows: (i) in the event of Seller's error or omission in connection with the Services, to furnish correct information and to provide any necessary adjustment in the Services at no additional cost or expense to Buyer; and (ii) in the event of Seller's failure to deliver any Service because of a Force Majeure Event, to use reasonable efforts, to make the Services available and/or to resume performing the Services as promptly as reasonably practicable.

8.2 Subject to Article 11 of the Purchase Agreement, Buyer shall, to the extent permitted by law, indemnify and hold harmless Seller and its agents and Affiliates from and against all Losses incurred or sustained by Seller where such Losses result from the breach of any representation or covenant contained in this Agreement by Buyer.

8.3 Notwithstanding anything contained herein to the contrary, neither party shall have any liability to the other party hereunder for compensatory, punitive, special, incidental or consequential Losses (including loss of profits), regardless of the circumstances under which such Losses arose, even if advised of the possibility of such Losses.

9. **Force Majeure**. Neither party shall be liable for any delay or failure to perform any obligations (other than payment obligations) hereunder resulting from any cause, condition or event beyond the reasonable control of the party affected, including, but not limited to, acts of God, fire, flood, earthquake, war, terrorism, riot, government action, strike, labor trouble or shortage, curtailment of business (including scheduled or unscheduled shutdowns of any manufacturing facility) or inability to obtain material, utilities, equipment or transportation (a "Force Majeure Event"). The party claiming the benefit of this provision shall promptly notify the other party of a Force Majeure Event and attempt in good faith to resume performance as soon as commercially reasonable. Neither party shall be obligated to settle a dispute or otherwise take any action which is not commercially reasonable to terminate a Force Majeure Event.

10. **Confidential Information**.

10.1 Without the prior written consent of the other party, each party agrees not to (i) disclose Confidential Information to any third party or (ii) use any Confidential Information except as necessary to perform its obligations under this Agreement. Any Confidential Information disclosed prior to the date hereof shall be protected by the terms of this Section 10. Each party shall use no less than reasonable care in protecting any Confidential Information received. Each party is and shall remain the sole owner of all right, title and interest in and to its respective Confidential Information. Neither party shall possess any right, title or interest in or any lien on Confidential Information of the other party. All Confidential Information disclosed hereunder shall be on an "AS IS" basis with no warranties, express or implied.

10.2 Each party shall limit disclosure of Confidential Information to its agents and Affiliates who have a bona fide need for Confidential Information to carry out the purposes of this Agreement and who have agreed to observe the terms of this Section 10. Each party shall be responsible for any breaches of this Section 10 by its agents and Affiliates. Seller agrees to consult with Buyer and to use commercially reasonable efforts to put in place adequate procedures and make appropriate personnel assignments, in each case as of the Closing Date, in order to ensure that Confidential Information of Buyer is not used by Seller for the benefit of its business or otherwise misused.

10.3 Upon the earlier to occur of (i) the termination of this Agreement, (ii) such time as any Confidential Information ceases to be required by the party receiving such Confidential Information to perform or receive the Services or (iii) a reasonable request of a party, all Confidential Information of a party (and any copies thereof) shall be returned to that party and any such Confidential Information of a party (and any copies thereof) stored in computer or other electronic archival systems shall be deleted or erased, in each case within fifteen (15) days following such termination or request. Upon the request of a party, the other party shall certify in writing that all such Confidential Information has been returned or destroyed.

11. **Licenses, Permits and Third Party Consents**. Each party shall obtain and maintain all permits, approvals and licenses and other applicable Governmental Orders, and shall obtain any third party consents, necessary or appropriate to perform its obligations hereunder and shall at all times comply with the terms and conditions of such permits, approvals and licenses or consents. Unless otherwise provided in the applicable Service Schedule, the costs of obtaining any permits, approvals, licenses, sublicenses or approvals and third party consents, shall be borne by Seller.

12. **Independent Contractor**. Each of Buyer and Seller shall be an independent contractor in the performance of its respective obligations hereunder. Nothing in this Agreement shall create or be deemed to create a partnership, joint venture or a relationship of principal and agent or of employer and employee between Buyer and Seller, or between any of the agents, contractors or suppliers of Buyer, on the one hand, and of Seller, on the other hand.

13. **Notices**. Any notices authorized to be given hereunder shall be in writing and deemed given, if delivered personally or by overnight courier, on the date of delivery if a Business Day, or if not a Business Day, on the first Business Day following delivery, or if mailed, three days after mailing by registered or certified mail, return receipt requested, and in each case, addressed, as follows:

If to Buyer to:	with a copy to:
Nanotherapeutics, Inc. □ Attn: James Talton□ 13859 Progress Blvd, Suite 300 Alachua, FL 32615□ Telephone: 386-462-9663	Nanotherapeutics, Inc. □ Attn: Andy Cziotka, Esq.□ 13859 Progress Blvd, Suite 300□ Alachua, FL 32615 Telephone: 386-462-9663
If to Seller to:	with a copy to:
XOMA (US) LLC c/o XOMA Corporation 2910 Seventh Street Berkeley, CA 94710□ Attn: General Counsel Telephone: (510) 204-7200□	Morrison & Foerster LLP 425 Market Street□ San Francisco, CA 94105□ Attn: Van W. Ellis Telephone: (202) 887-8776

or if delivered by telecopier, on a Business Day before 5:30 PM local time of addressee on transmission confirmed electronically, or if at any other time or day, on the first Business Day succeeding transmission confirmed electronically, to the facsimile numbers provided above or to such other address or telecopy number as any party shall specify to the other pursuant to the foregoing notice provisions.

14. **Severability**. No invalidity or unenforceability of any section of this Agreement or any portion thereof shall affect the validity or enforceability of any other section or the remainder of such section.

15. **Counterparts**. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

5. **GOVERNING LAW**. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA WITHOUT GIVING EFFECT TO ANY CHOICE OR CONFLICT OF LAW PROVISION OR RULE (WHETHER THE STATE OF CALIFORNIA OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF CALIFORNIA. ANY CONTROVERSY OR CLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT SHALL BE SETTLED IN ACCORDANCE WITH THE APPLICABLE PROVISIONS OF THE PURCHASE AGREEMENT.

16. **Succession; Third Party Beneficiaries**. This Agreement shall be binding upon and inure to the benefit of the parties named herein and their respective successors and permitted assigns. Nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature under this Agreement.

17. **Assignment**. No party may assign either this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of the other party, which approval shall not be unreasonably withheld; *provided*, *however*, that Seller may (i) assign any or all of its rights and interests hereunder to one or more of its Affiliates and (ii) designate one or more of its Affiliates or another third party to perform its obligations hereunder (in any or all of which cases Seller nonetheless shall remain responsible for the performance of all of its obligations hereunder).

18. **Entire Agreement; Amendment**. This Agreement, together with the Purchase Agreement and the other Ancillary Agreements, constitutes the entire understanding and agreement between the parties hereto and supersedes any and all written or oral, prior or contemporaneous representations, understandings and agreements between or among Buyer and Seller with respect to the subject matter hereof, all of which are merged herein and therein. This Agreement may not be canceled, altered, modified, amended or waived, in whole or in part, in any way, except by an instrument in writing signed by all of the parties hereto. All amendments or modifications of this Agreement shall be binding upon the parties even in the absence of consideration so long as the same shall be in writing and executed by the parties hereto.

19. **Controlling Agreement**. In the event of a conflict between the terms and conditions set forth in this Agreement and the terms and conditions set forth in the Purchase Agreement, or the interpretation and application thereof, the terms and conditions set forth in the Purchase Agreement shall prevail, govern and control in all respects.

20. **Disclaimer**. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, SELLER MAKES NO WARRANTIES, WHETHER EXPRESS, IMPLIED OR STATUTORY, AS TO THE SERVICES, INCLUDING, WITHOUT LIMITATION, THE ACCURACY OF THE SERVICES OR THEIR SUITABILITY FOR THE BUSINESS, AND SELLER HEREBY EXPRESSLY DISCLAIMS ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE AND NON-INFRINGEMENT OF THIRD PARTY RIGHTS AND TITLE.

21. **Contractual Statute of Limitations**. Except for actions for nonpayment or breach of Buyer's proprietary rights in the Work Product, no action, regardless of form, arising out of this Agreement may be brought by either party more than two (2) years after the cause of action has accrued.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

NANOTHERAPEUTICS, INC.

By: _____
Name:
Title:

XOMA (US) LLC

By: _____
Name:
Title:

EXHIBIT A

Form of Service Schedule __ to Transition Services Agreement

1. Schedule #: _____ (To be inserted by responsible individual or department.)

2. Functional Area: _____

3. Start/End Date: The Services start on the Closing Date of the Transition Services Agreement between Seller and Buyer to which this Service Schedule is attached and end after a period of [_____] from such Closing Date, unless otherwise indicated below.

Indicate below if alternate start/end date:

Start Date: _____

End Date: _____

If Start and End dates vary by Service [and/or country], please indicate in Section 5.

4. Summary of Services: (Describe the Service to be provided in appropriate detail.)

Service Name	Description

5. **Performance Standards:** (State minimum performance expected for each Service, if applicable.)

6. Estimated Total Fees: (Attach separate Fee schedule as appropriate.)

7. Describe the process by which the cost of the Services and the Fees will be adjusted in case of an increase/decrease in the Services provided: (Describe on an individual service basis if necessary).

Upon execution of this Service Schedule by both parties, it shall be deemed incorporated into and made part of that certain Transitional Services Agreement.

NANOTHERAPEUTICS INC., Buyer,

By: _____
(Authorized Signature)
Date: _____
Name: _____
Title: _____
Address: _____

XOMA (US) LLC, Seller

By: _____
(Authorized Signature)
Date: _____
Name: _____
Title: _____
Address: _____

Schedule 1.1

Permitted Encumbrances

None

Physical Assets

Eight (8) computers and the desks and chairs located on the date hereof in the space covered by the Warehouse License Agreement.

Products

GMP/Non-GMP

- NX02
- NX01
- XC44
- XB23
- NX11
- XC41
- XC84
- XC42
- XE06
- XE02
- XB10
- XE17
- XB18
- XOMA 3B
- XOMA 3E
- XOMA 3AB

Non-GMP

- XOMA 4CD
- XOMA ABE

Critical Reports

- "Domains"
- "Derivatives of domains" (BioAnalytical/Analytical Development; Modified for use)
- "All domains and derivatives generally used for these products"

Precursor Materials

Antibody	MCB vials	WCB vials
NX01	100	100
NX02	100	100
NX11	100	100
XB10	100	100
XB18	100	100
XB23	100	0 (not produced)
XE02	100	100
XE06	100	100
XE17	100	100
XC41	100	0 (not produced)
XC42	100	0 (not produced)
XC44	100	0 (not produced)
XC84	100	0 (not produced)

XOMA 4CD Bioanalytical Reagent Inventory List

Serum Drug Concentration Assay

Reagent	**Lot No**	**Conc.**	**Quantity**	**Comments**
4C4 Domain	020415	1.11 mg/mL	24 mg	Unlabel domain
4C10 Domain	030415	1.67 mg/mL	35 mg	Unlabel domain
8DC4 M8V6 Domain	Exp-15-CAO527	1.53 mg/mL	63 mg	Unlabel domain
Anti-Id XC42				Producing at Antibody Solutions. Available Nov to Dec. 2015
b-4C4 domain	R-LC20150521B	310 µg/mL	2.8 mg	Biotinylated domain for SDC assay
ru-4C4 domain	R-LC20150521A	308 µg/mL	2.8 mg	Ruthenylated domain for SDC assay
b-4C10 domain	R-LC20150511C	316 µg/mL	2.8 mg	Biotinylated domain for SDC assay
ru-4C10 domain	R-LC20150511D	311 µg/mL	2.2 mg	Ruthenylated domain for SDC assay
b-8DC4 M8V6 domain	R-LC20150612D	258 µg/mL	0.9 mg	Biotinylated domain for SDC assay
ru-8DC4 M8V6 domain	R-LC20150612C	282 µg/mL	1.0 mg	Ruthenylated domain for SDC assay

Immunogenicity Assay

Reagent	**Lot No**	**Conc.**	**Quantity**	**Comments**
Rabbit Ig purified Ab (XC41)	PR150811A	1.05 mg/mL	29 mg	ADA for positive control
Rabbit Ig purified Ab (XC42)	PR150811B	0.964 mg/mL	38 mg	ADA for positive control
Rabbit Ig purified Ab (XC44)	PR150811C	1.01 mg/mL	66 mg	ADA for positive control
Rabbit Ig purified Ab (XC84)	PR150811D	1.56 mg/mL	49 mg	ADA for positive control
Reagent	**Lot No**	**Conc.**	**Quantity**	**Comments**
ru-XC41	R-JC20150929A	198 µg/mL	1.9 mg	Drug labeling for ADA assay

ru-XC42	R-JC20150929B	209 µg/mL	2.0 mg	Drug labeling for ADA assay
ru-XC44	R-JC20150929C	182 µg/mL	1.8 mg	Drug labeling for ADA assay
ru-XC84	R-JC20150929D	201 µg/mL	2.0 mg	Drug labeling for ADA assay
b-XC41	R-JC20150930A	194 µg/mL	1.9 mg	Drug labeling for ADA assay
b-XC42	R-JC20150930B	201 µg/mL	2.0 mg	Drug labeling for ADA assay
b-XC44	R-JC20150930C	204 µg/mL	2.0 mg	Drug labeling for ADA assay
b-XC84	R-JC20150930D	211 µg/mL	2.1 mg	Drug labeling for ADA assay

Product Inventory

Description	P/N	L/N	Building	Freezer	Shelf/Box	MCB	WCB	Date Stored	Vials	Released	Quarantined
NX02	103350	1662204	X4	XC06292	3B		X	12/5/2005	46	X	
NX02	103350	1662204	X4	XC06292	3C		X	12/5/2005	58	X	
NX02	103338	1652380	X4	XC06292	3F	X		11/17/2005	48	X	
NX02	103338	1652380	X4	XC06292	3G	X		11/17/2005	45	X	
NX01	103349	1661858	X4	XC06292	4B		X	11/30/2005	83	X	
NX01	103349	1661858	X4	XC06292	4C		X	11/30/2005	19	X	
NX01	103337	1652483	X4	XC06292	4F	X		11/18/2005	86	X	
NX01	103337	1652483	X4	XC06292	4G	X		11/18/2005	20	X	
XC44	103832	NN10500	X4	XC06292	5B	X		7/31/2013	81	X	
XC44	103832	NN10500	X4	XC06292	5C	X		7/31/2013	48	X	
XB23	103804	NK10500	X4	XC06292	5E	X		1/17/2012	53	X	
XB23	103804	NK10500	X4	XC06292	5F	X		1/17/2012	67	X	
NX11	103339	1732062	X4	XC06292	5G	X		2/8/2006	47	X	
NX11	103351	1748206	X4	XC06292	5H		X	2/23/2006	57	X	
XC44	103832	NN10500	X4	XC06292	5J	X		7/31/2013	79	X	
XC41	103889	NS10501	X4	XC06292	6B	X		7/22/2014	79		X
XC41	103889	NS10501	X4	XC06292	6C	X		7/22/2014	80		X
XC41	103889	NS10501	X4	XC06292	6D	X		7/22/2014	55		X
XC84	103869	NQ10500	X4	XC06292	6H	X		4/29/2014	60		X
XC84	103869	NQ10500	X4	XC06292	6I	X		4/29/2014	76		X
XC84	103869	NQ10500	X4	XC06292	6J	X		4/29/2014	65		X
XC42	103848	NP10500	X4	XC06292	7B	X		9/12/2013	65	X	
XC42	103848	NP10500	X4	XC06292	7C	X		9/12/2013	68	X	
XE06	103782	NJ10500	X4	XC06292	7D	X		5/26/2011	70	X	
XE06	103782	NJ10500	X4	XC06292	7E	X		5/26/2011	55	X	

Description	P/N	L/N	Building	Freezer	Shelf/Box	MCB	WCB	Date Stored	Vials	Released	Quarantined
XE06	103783	NJ10501	X4	XC06292	7G		X	6/14/2011	81	X	
XE06	103783	NJ10501	X4	XC06292	7H		X	6/14/2011	58	X	
XC42	103848	NP10500	X4	XC06292	7I	X		9/12/2013	79	X	
XE02	103758	NH10502	X4	XC06292	8C		X	2/12/2011	71	X	
XE02	103758	NH10502	X4	XC06292	8D		X	2/12/2011	80	X	
XE02	103759	NH10501	X4	XC06292	8F	X		2/1/2011	68	X	
XE02	103759	NH10501	X4	XC06292	8G	X		2/1/2011	81	X	
XB10	103714	NE10500	X4	XC06292	10C	X		3/20/2010	81	X	
XB10	103714	NE10500	X4	XC06292	10D	X		3/20/2010	70	X	
XB10	103716	NE10501	X4	XC06292	10G		X	4/6/2010	78	X	
XB10	103716	NE10501	X4	XC06292	10H		X	4/6/2010	76	X	
XE17	103740	NG10500	X4	XC06292	11B	X		9/14/2010	81	X	
XE17	103740	NG10500	X4	XC06292	11C	X		9/14/2010	31	X	
XE17	103741	NG10501	X4	XC06292	11E		X	10/12/2010	66	X	
XE17	103741	NG10501	X4	XC06292	11F		X	10/12/2010	81	X	
XB18	103722	NF10500	X4	XC06292	12C	X		6/29/2010	80	X	
XB18	103722	NF10500	X4	XC06292	12D	X		6/29/2010	71	X	
XB18	103721	NF10501	X4	XC06292	12F		X	7/17/2010	77	X	
XB18	103721	NF10501	X4	XC06292	12G		X	7/17/2010	75	X	
NX11	103351	1748206	X5	XC08765	6C		X	2/23/2006	47	X	
XB23	103804	NK10500	X5	XC08765	6D	X		1/17/2012	31	X	
NX11	103339	1732062	X5	XC08765	6E	X		2/8/2006	59	X	
XE06	103782	NJ10500	X5	XC08765	1A	X		5/26/2011	31	X	
XE06	103783	NJ10501	X5	XC08765	1B		X	6/14/2011	72	X	
XB10	103714	NE10500	X5	XC08765	8C	X		3/20/2010	6	X	
XB10	103716	NE10501	X5	XC08765	8D		X	4/6/2010	43	X	
XB18	103722	NF10500	X5	XC08765	8E	X		6/29/2010	3	X	
XB18	103721	NF10501	X5	XC08765	8F		X	7/17/2010	58	X	
XE17	103740	NG10500	X5	XC08765	8G	X		9/14/2010	45	X	

Description	P/N	L/N	Building	Freezer	Shelf/Box	MCB	WCB	Date Stored	Vials	Released	Quarantined
XE17	103741	NG10501	X5	XC08765	8H		X	10/12/2010	56	X	
XE02	103759	NH10501	X5	XC08765	8I	X		2/1/2011	8	X	
XE02	103758	NH10502	X5	XC08765	8J		X	2/12/2011	48	X	

Transferred Contracts

Master Project Agreement, effective as of July 12, 2010, by and between Fisher BioServices, Inc. and XOMA (US) LLC

Lease Agreement, effective as of September 21, 2010, by and between Thermo Fisher Financial Services, Inc. and XOMA (US) LLC

Lease Agreement, effective as of June 24, 2011, by and between Thermo Fisher Financial Services, Inc. and XOMA (US) LLC

Lease Agreement, effective as of January 31, 2012, by and between Thermo Fisher Financial Services, Inc. and XOMA (US) LLC

Commercial Supply Agreement (Cell Culture Media and Reagents), effective as of July 1, 2011, by and between SAFC Inc. and XOMA (US) LLC

Subcontract for Services, effective as of July 12, 2012, by and between SRI International and XOMA (US) LLC

Master Laboratory Services Agreement, effective as of August 3, 2012, by and between Covance Laboratories Inc. and Covance Bioanalytical Services LLC, and XOMA (US) LLC

Amended and Restated Laboratory Services and Confidentiality Agreement, effective as of March 1, 2015, by and between Charles River Laboratories, Inc. and XOMA (US) LLC

XOMA License Agreements

License Agreement for Anti-Botulinum Neurotoxin Antibodies, UC Case Nos. SF98-A13, SF05-A14, SF07-080, effective as of December 10, 2007, by and between The Regents of the University of California and XOMA Technology Ltd.

First Amendment to Exclusive License Agreement for Anti-Botulinum Neurotoxin Antibodies, UC Case Nos. SF98-A13, SF05-A14, SF07-080, effective as of October 7, 2008, by and between The Regents of the University of California and XOMA Technology Ltd.

Second Amendment to Exclusive License Agreement for Anti-Botulinum Neurotoxin Antibodies, UC Case Nos. SF98-A13, SF05-A14, SF07-080, effective as of September 13, 2011, by and between The Regents of the University of California and XOMA Technology Ltd.

Third Amendment to Exclusive License Agreement for Anti-Botulinum Neurotoxin Antibodies, UC Case Nos. SF98-A13, SF05-A14, SF07-080, SF09-140, effective as of August 23, 2012, by and between The Regents of the University of California and XOMA Technology Ltd.

Fourth Amendment to Exclusive License Agreement for Anti-Botulinum Neurotoxin Antibodies, UC Case Nos. SF98 -A13, SF05-A14, SF07-080, SF09-140 effective as of April 15, 2013, by and between The Regents of the University of California and XOMA Technology Ltd.

Fifth Amendment to Exclusive License Agreement for Anti-Botulinum Neurotoxin Antibodies, UC Case Nos. SF98-A13, SF05-A14, SF07-080, SF09-140, effective as of July 1, 2015, by and between The Regents of the University of California and XOMA Technology Ltd.

U.S. Government Contracts

Contract No. HHSN272201100031C, effective as of September 30, 2011 ("Contract No. HHSN272201100031C"), by and between the National Institutes of Health, National Institute of Allergy and Infectious Diseases and XOMA (US) LLC

Amendment 1 to Contract No. HHSN272201100031C, effective as of March 15, 2013, by and between the National Institutes of Health, National Institute of Allergy and Infectious Diseases and XOMA (US) LLC

Amendment 2 to Contract No. HHSN272201100031C, effective as of December 23, 2013, by and between the National Institutes of Health, National Institute of Allergy and Infectious Diseases and XOMA (US) LLC

Amendment 3 to Contract No. HHSN272201100031C, effective as of January 23, 2014, by and between the National Institutes of Health, National Institute of Allergy and Infectious Diseases and XOMA (US) LLC

Amendment 4 to Contract No. HHSN272201100031C, effective as of February 26, 2014, by and between the National Institutes of Health, National Institute of Allergy and Infectious Diseases and XOMA (US) LLC

Amendment 5 to Contract No. HHSN272201100031C, effective as of February 25, 2015, by and between the National Institutes of Health, National Institute of Allergy and Infectious Diseases and XOMA (US) LLC

XOMA Co-Formulation Patents

1. Title: ANTIBODY COFORMULATIONS
   Inventor: Susan Joyce Babuka, Chin-Yi Huang and Mingxiang Li
   Assignee: XOMA (US) LLC
   (Coformulations)

COUNTRY	APPLICATION	FILE DATE	PATENT/PUBLICATION
US Provisional	61/240,155	09/04/09	
PCT	PCT/US10/47753	09/02/10	WO 2011/028962 A2
US	12/875,083	09/02/10	20110059079 A1
US Con	14/705,713	05/06/15	
Europe	10814532.7	09/02/10	2473191 A1

2. Title: ANTI-BOTULISM ANTIBODY COFORMULATIONS
   Inventor: Susan Joyce Babuka, Mingxiang Li
   Assignee: XOMA (US) LLC
   (Coformulations BoNT)

COUNTRY	APPLICATION	FILE DATE	PATENT/PUBLICATION
US Provisional	61/240,149	04/09/09	
PCT	PCT/US10/47752	09/02/10	WO 2011/028961 A2
US	12/875,065	09/02/10	8,821,879 B2

XOMA Vector Patents

1. Title: METHODS AND MATERIALS FOR TRANSIENT EXPRESSION OF A RECOMBINANT PROTEIN
   Inventor: Masahisa Handa, Arnold H. Horwitz, Robyn Cotter, Eddie Bautista
   Assignee: XOMA (US) LLC
   (Transient Expression)

COUNTRY	APPLICATION	FILE DATE	PATENT/PUBLICATION
US Provisional	60/633,056	12/03/04	
PCT	PCT/US05/043922	12/05/05	WO 2006/060769
US	11/831,691	07/31/07	7,794,976 B2

2. Title: METHODS AND MATERIALS FOR INCREASING EXPRESSION OF RECOMBINANT POLYPEPTIDES
   Inventor: Arnold Horwitz
   Assignee: XOMA (US) LLC
   (2 Gene Vector)

COUNTRY	APPLICATION	FILE DATE	PATENT/PUBLICATION
US Provisional	60/368,530	03/29/02	
PCT	PCT/US03/010154	03/31/03	WO 04/033693
US	10,404,724	03/31/03	7,192,737 B2
US	11/673,539	02/09/07	7,993,915 B2
US	13/205,448	08/08/11	8,497,096 B2
Australia	2003 300588	03/31/03	2003 300588 B2
Canada	2,492,008	03/31/03	2,492,008
EUROPE:	**03808015.6**	**03/31/03**	**1492874 B1**
Belgium	03808015.6	03/31/03	1492874 B1
Denmark	03808015.6	03/31/03	1492874 B1
France	03808015.6	03/31/03	1492874 B1
Germany	03808015.6	03/31/03	603 35 794.6-08
Great Britain	03808015.6	03/31/03	1492874 B1
Ireland	03808015.6	03/31/03	1492874 B1
Netherlands	03808015.6	03/31/03	1492874 B1
Sweden	03808015.6	03/31/03	1492874 B1
Switzerland	03808015.6	03/31/03	1492874 B1
EUROPE:	**10011422.2**	**09/29/10**	**2311962 B1**
France	10011422.2	09/29/10	2311962 B1
Germany	10011422.2	09/29/10	2311962 B1
Great Britain	10011422.2	09/29/10	2311962 B1
Ireland	10011422.2	09/29/10	2311962 B1
Netherland	10011422.2	09/29/10	2311962 B1
Sweden	10011422.2	09/29/10	2311962 B1
Switzerland	10011422.2	09/29/10	2311962 B1
Japan	2004-543182	03/31/03	4554370

Schedule 5.3
Consents

Master Project Agreement, effective as of July 12, 2010, by and between Fisher BioServices, Inc. and XOMA (US) LLC

Lease Agreement, effective as of September 21, 2010, by and between Thermo Fisher Financial Services, Inc. and XOMA (US) LLC

Lease Agreement, effective as of June 24, 2011, by and between Thermo Fisher Financial Services, Inc. and XOMA (US) LLC

Lease Agreement, effective as of January 31, 2012, by and between Thermo Fisher Financial Services, Inc. and XOMA (US) LLC

Commercial Supply Agreement (Cell Culture Media and Reagents), effective as of July 1, 2011, by and between SAFC Inc. and XOMA (US) LLC

Subcontract for Services, effective as of July 12, 2012, by and between SRI International and XOMA (US) LLC

Master Laboratory Services Agreement, effective as of August 3, 2012, by and between Covance Laboratories Inc. and Covance Bioanalytical Services LLC, and XOMA (US) LLC

Amended and Restated Laboratory Services and Confidentiality Agreement made as of December 31, 2008 by and between Charles River Laboratories, Inc. and XOMA (US) LLC

Amended and Restated Laboratory Services and Confidentiality Agreement, effective as of March 1, 2015, by and between Charles River Laboratories, Inc. and XOMA (US) LLC extending term to May 6, 2018

Schedule 5.4
Title to Purchased Assets

None

Schedule 5.5
XOMA Patents – Encumbrances

None

Schedule 5.6
Litigation

Department of Public Integrity Inquiry into NIAID Contracts:

On January 14, 2014, the Division of Program Integrity (DPI) in the Office of Management Assessment at the National Institutes of Health sent a letter to XOMA requesting information in connection with its review of allegations of misuse of NIH funds under contract HHSN272200800028C. DPI is continuing its review of an allegation of misuse by XOMA of funds awarded under a contract with NIAID. However, DPI has not informed XOMA that it has reached any conclusion about liability on the part of XOMA or the amount of funds that may be at issue.

DPI's request for information sought accounting, administration, and labor charge-related records in connection with the NIAID contract. XOMA provided records to DPI in February, March, and April 2014. XOMA has not received any substantive communication from DPI since producing records.

To XOMA's Knowledge, the inquiry pertains solely to billing practices and not with regard to the Products.

Schedule 5.7
Regulatory Issues

None

Schedule 5.8
Compliance with Laws

None

Schedule 6.1(d)
Settlements

None

Schedule 6.2

XOMA BOT Know-How

Relevant NIAID Standard Operating Procedures

- 010.03.15 Evaluation and Maintenance of Chromatography Resins and Columns
- 010.03.29_Cleaning,_Packing,_and_Efficiency_Testing_for_Chromatography_Columns
- 010.03.37_Purification_Column_Regeneration.pdf
- 010.03.38_Operation_and_Maintenance_of_Chromatography_Columns.pdf
- 010.06.78_Purification_Buffer_Preparation.pdf
- 010.08.34_Operation_of_the_2FRM3-500-01 Disposable Fermenter (Xcellerex_XDR-500_Disposable_Bioreactor).pdf
- 010.08.35_Fermenter_Monitoring.pdf
- 010.08.36_Standardization_of_DO2_for_2FRM3-500-01_Bioreactor.pdf
- 010.08.37_Standardization_of_pH_for_2FRM3-500-01_Bioreactor.pdf
- 010.10.02_Hydrophobic_Interaction_Chromatography_Processing_in_Manufacturing_at_XOMA.pdf
- 010.10.03_Q_Sepharose_Processing_for_Manufacturing_at_XOMA.pdf
- 010.10.04_Protein_A_Processing_for_Manufacturing_at_XOMA.pdf
- 010.10.05__Viral_Filtration_for_Manufacturing XOMA.pdf
- 020.01.01 Filter Integrity Testing
- 020.01.83__Determining_Total_and_Viable_Cell_Counts_in_Cell_Suspensions.pdf
- 040.01.87_Calibration_of_DO2_for_2FRM3-500-01_Bioreactor.pdf
- 040.01.88 Calibration of pH for 2FRM3-500-01 Bioreactor.pdf
- 040.03.33_Qualification_of_Chromatography_Columns.pdf
- 090.01.10._Requirement_for_Validation_of_Assays_Supporting_GLP_Toxicology_and_Clinical_Studies.pdf
- 090.01.11_Qualification_of_Analytical_Assays_in_Bioanalytical_Development.pdf
- 090.02.51 Operation, Maintenance and Calibration Check of the Molecular Devices Microplate Reader in Bioanalytical Development.pdf
- 090.03.16 Measurement of Human Engineered NX11 in Rat Serum by ECLA on the MSD Platform
- 090.03.17_Measurement_of_Human_Engineered_NX01_in_Rat_Serum_by_ECLA_on_the_MSD_Platform.pdf
- 090.03.18_Measurement_of_Human_Engineered_NX02_in_Rat_Serum_by_ECLA_on_the_MSD_Platform.pdf
- 100.09.75_Installation,_operation,_storage,_and_maintenance_of_the_Wave_Bioreactor_System_20_50_used_in_XOMA_5.pdf
- 100.21.07 Operation, Maintenance and Calibration of the Hiac/Royco Liquid Particle Counter, Model 9703
- 100.22.01 Operation of the Microliter Pipets
- 100.24.02 Operation of Masterflex and Watson-Marlow Peristaltic and ChemTec Pumps

- 100.24.08 Operation and Maintenance of Centrifugal, Positive Displacement, and Rotary Lobe Pumps
- 100.28.06 Operation and Maintenance of the Molecular Devices Microplate Readers
- 100.28.12_Operation_and_Maintenance_of_the_Shimadzu_Model_UV_-_1601_UV_Spectrophotometer.pdf
- 100.31.06_Operation_Maintenance_Calibration_of_MSD_Sector_Imager_2400_6000.pdf
- 100.35.03_Operation,_Standardization_and_Maintenance_of_QC_Conductivity_Meters.pdf
- 100.37.31_Operation_of_the_Advanced_Micro-Osmometer,_Models_3300 and 3320.pdf
- 100.37.48 Operation, Maintenance and Calibration of the Molecular Devices Total DNA Threshold System
- 105.03.19_Measurement_of_Human_Engineered_NX11_in_Cyno_Serum_by_ECLA_on_the_MSD_Platform.pdf
- 105.03.20_Measurement_of_Human_Engineered_NX02_in_Cynomolgus_Monkey_Serum_by_ECLA_on_the_MSD_Platform.pdf
- 105.03.21__Measurement_of_Human_Engineered_NX01_in_Cynomolgous_Monkey_Serum_by_ECLA_on_the_MSD_Platform.pdf
- 105.03.22_Guidance_for_Pharmacokinetic_Method_Validation--Ligand_Binding_Assays--Bioanalytical_Development
- 105.03.29_Material Bridging, Qualification and Expiration Date Extension.pdf
- 105.03.31_Operation,_Maintenance,_Cleaning_of_the_Microplate_Shaker_Bioanalytical Development.pdf
- 105.03.32_Guidance_for_Immunogenicity_Method_Validation_in_Bioanalytical_Development.pdf
- 105.03.33_Labeling_of_Proteins_with_Biotin_or_Ruthenium_in_Bioanalytical_Development.pdf
- 900.02.01_Determination_of_Botulinum_Toxin_E_LD50_in_Female_CD-1_Mice.pdf
- 900.02.02_Determination_of_XOMA_3E_Potency_by_Survival_Assay_in_Female_CD-1_Mice.pdf
- 900.02.03_Determination_of_Individual_Antibody_Potency_Against_Botulinum_Toxin_E.pdf
- 900.02.04_XOMA_4CD_Potency.pdf

Relevant NIAID Program Batch Records

- BR1001 XJEM Selective Medium with Geneticin and Histidinol
- BR1002 XJEM Fermentation Medium
- BR1031_85mM_Butyrate,_(XOMA_2).pdf
- BR1033 0.02 N Hydrochloric Acid Solution, (XOMA 2)
- BR1046_Q_Sepharose_Column_Regeneration.pdf
- BR1050_20_mM_Tris,1M_Sodium_Chloride,_pH_8.5.pdf
- BR1051_20mM_Tris_pH_8.5.pdf
- BR1067_20mM_Tris_150mM_Sodium_Chloride_250mM_sodium_sulfate_pH7.0.pdf
- BR1093 Cell Bank Media Fill

- BR1102_50mM_Tris_150mM_sodium_Chloride,_pH_7.5_(XOMA_2)..pdf
- BR1103_0.2M_Hydrochloric_Acid.pdf
- BR1104_100mM_Acetic_Acid_pH 2.8.pdf
- BR1125_50mM_Sodium Hydroxide 1M Sodium Chloride.pdf
- BR1126 10mM Sodium Phosphate 150 mM Sodium Chloride 20 percent Ethanol, Ph 7.0.pdf
- BR1127_10mM_Sodium_Phosphate_150_mM_Sodium_Chloride_pH_7.0_pdf
- BR1134_NX11_Master_Cell_Bank_.pdf
- BR1135_NX02_Master_Cell_Bank.pdf
- BR1136_NX01_Master_Cell_Bank.pdf
- BR1141_NX11_Manufacturings_Working_Cell_Bank.pdf
- BR1142_NX02_Manufacturings_Working_Cell_Bank.pdf
- BR1143_NX01_Manufacturings_Working_Cell_Bank.pdf
- BR1145_300mM_Arginine 100mM_Glycine_pH_3.0.pdf
- BR1167__50_mM_Sodium_Citrate_0.1__M_Sodium_Sulfate_pH_6.0
- BR1168_50_mM_Sodium_Citrate_055_M_Sodium_Sulfate_pH_6.0.pdf
- BR1169__50_mM_Sodium_Citrate_2.0_M_Sodium_Sulfate_pH_6.0.pdf
- BR1170 25mM Sodium Citrate 1M Sodium Chloride pH_.pdf
- BR1172_Hydrophobic_Interaction_Chromatography__HIC__Column.pdf
- BR1174_10_mM_Succinate Succinic Acid,_142_mM_L Arginine HCI,_pH_6.0.pdf
- BR1176_XJEM_selective_medium_with_geneticin.pdf
- BR1191_Sterile_Antifoam_C_solution.pdf
- BR1199_10mM_L-Histidine,_142mM_L-Arginine_Hydrochloride,_pH_6.0.pdf
- BR1203_200_mM_Sodium_Butyrate.pdf
- BR1217_100_mM_Glycine,_100_mM_Arginine,_pH_3.5.pdf
- BR1245_200_mM_Arginine,_100_mM_Glycine,_pH_7.0.pdf
- BR1246_10_mM_Sodium_Phosphate,_300_mM_Arginine,_100_mM_Glycine,_pH_7.0.pdf
- BR1249_Fortified_XJEM_Selective_Medium_with_Geneticin_and_Histidinol.pdf
- BR1250_NX01_Scaleup,_NIAID 2.pdf
- BR1252_Concentrated_XJEM_Feed_Solution.pdf
- BR1254_Fortified_XJEM_Fermentation_Medium.pdf
- BR1255_NX01_Harvest,_NIAID_2.pdf
- BR1258_NX02_Scaleup_NIAID 2.pdf
- BR1260_NX02_Harvest,_NIAID_2.pdf
- BR1262_Chromatography_Column_Cleaning.pdf
- BR1263__Concentrated_XJEM_Feed_Solution_with_Amino_Acids_and_Ethanolamine.pdf
- BR1264_Fermentation_of_NX02_Antibodies_in_Production_Fermenter_130_L,_NIAID_2.pdf
- BR1275_NX11_Wave_Inoculation,_NIAID_2.pdf
- BR1276 NX11 Scaleup NIAID 2.pdf
- BR1314_NX11_Vial_Thaw,_NIAID_2.pdf
- BR1315_NX01_Vial_Thaw,_NIAID_2.pdf

- BR1316_NX01_Wave_Inoculation_NIAID_2.pdf
- BR1317_Inoculation_of_NX01_Antibodies_in_Production_Fermenter_(130_L)_NIAID_2.pdf
- BR1318_NX02_Vial_Thaw_NIAID_2.pdf
- BR1319_NX11_Harvest,_NIAID_2.pdf
- BR1320_Fermentation_of_NX11_Antibodies_in_Production_Fermenter_130_L,_NIAID_2.pdf
- BR1321_Fermentation_of_NX01_Antibodies_in_Production_Fermenter_130_L,_NIAID_2.pdf
- BR1322_NX02_Wave_Inoculation_NIAID_2.pdf
- BR1323_Inoculation_of_NX02_Antibodies_in_Production_Fermenter_(130_L)_NIAID_2.pdf
- BR1324_Inoculation_of_NX11_Antibodies_in_Production_Fermenter_(130_L),_NIAID_2.pdf
- BR1326_Pressure_Test_and_SIP_For_130_L_ABEC_Fermenter-_Pilot_Plant.pdf
- BR1328_Protein_A_Chromatography_NX11,_NIAID_2.pdf
- BR1329_Q_Sepharose_FF_Chromatography_NX11,_NIAID_2.pdf
- BR1330_Butyl_650M_Chromatography_for_NX11,_NIAID_2.pdf
- BR1331_NX11_Viral_(NFP)_Filtration,_NIAID_2.pdf
- BR1332_Formulation,_NX11_Drug_Substance__5g_L_,_NIAID_2.pdf
- BR1333_Protein_A_Chromatography for_NX02,_NIAID_2.pdf
- BR1334_Q_Sepharose_FF_Chromatography for_NX02,_NIAID_2.pdf
- BR1335_Butyl_650 Hydrophobic Interaction_Chromatography_(HIC) for_NX02,_NIAID_2.pdf
- BR1336_NX02_Viral_(NFP)_Filtration.pdf
- BR1337_Formulation,_NX02_Drug_Substance_(5g_L),_NIAID_2.pdf
- BR1338_Protein_A_Chromatography_NX01,_NIAID_2.pdf
- BR1339_Q_Sepharose_FF_Chromatography for_NX01,_NIAID 2_.pdf
- BR1340_Butyl_650M_Hydrophobic Interaction Chromatography_(HIC) for_NX01,_NIAID_2.pdf
- BR1341_NX01_Viral_(NFP)_Filtration,_NIAID 2.pdf
- BR1342_Formulation,_NX01_Drug_Substance_(5g_L),_NIAID_2.pdf
- BR1355_Formulation_NX11_Drug_Substance_5_g_L_without_Tween_80_NIAID_2.pdf
- BR1356_Formulation, NX02 Drug Substance (5 g/L) without Tween 80 NIAID 2.pdf
- BR1357_Formulation,_NX01_Drug_Substance_5_gL_without Tween_80_NIAID_2.pdf
- pdf
- BR1368_XJEM_Fermentation_Medium_with_Additional_5g_per_L_Glucose.pdf
- BR1441_XB10_Preparation_of_Vial_Thaw_for_Master_Cell_Bank.pdf
- BR1442_XB10_Scaleup_for_Master_Cell_Bank.pdf
- BR1443_XB10_Master_Cell_Bank_Vial_Freeze.pdf
- BR1444_XB10_Preparation_of_Vial_Thaw_for_Manufacturers_Working_Cell_Bank_(MWCB).pdf
- BR1445_XB10_Scaleup_for_Manufacturers_Working_Cell_Bank_(MWCB).pdf

- BR1446_XB10_Manufacturer_s_Working_Cell_Bank_(MWCB)_Vial_Freeze.pdf
- BR1448_XB18_Preparation_of_Vial_Thaw_for_Master_Cell_Bank.doc.pdf
- BR1449_XB18_Scaleup_for_Master_Cell_Bank.doc.pdf
- BR1450_XB18_Master_Cell_Bank_Vial_Freeze.pdf
- BR1451_XB18_Preparation_of_Vial_Thaw_for_Manufacturer_s_Working_Cell_Bank_(MWCB).pdf
- BR1452_XB18_Scaleup_for_Manufacturer_s_Working_Cell_Bank_(MWCB).pdf
- BR1453_XB18_Manufacturer_s_Working_Cell_Bank_(MWCB)_Vial_Freeze.pdf
- BR1454_2x_Concentrate_of_XJEM_Fermentation_Medium_with_Additional_5_g_L_Glucose.pdf
- BR1460_XE17_Preparation_of_Vial_Thaw_for_Master_Cell_Bank.pdf
- BR1461_XE17_Scaleup_for_Master_Cell_Bank.doc.pdf
- BR1462_XE17_Master_Cell_Bank_Vial_Freeze.pdf
- BR1463_XE17_Preparation_of_Vial_Thaw_for_Manufacturer_s_Working_Cell_Bank_(MWCB).pdf
- BR1464_XE17_Scaleup_for_Manufacturers_Working_Cell_Bank_(MWCB).pdf
- BR1465_XE17_Manufacturers_Working_Cell_Bank_(MWCB)_Vial_Freeze.pdf
- BR1470_XB10_Vial_Thaw.pdf
- BR1471_XB10_Scaleup.pdf
- BR1472_XB10_50_L_Wave_Inoculation,_NAIID_3.pdf
- BR1473_Inoculation_of_XB10_Antibody_in_the_2FRM3-500-01_Fermenter.pdf
- BR1474_Fermentation_of_XB10_Antibody_in_the_2FRM3-500-01_Fermenter.pdf
- BR1475_XB10_Harvest.pdf
- BR1476_Protein_A_Chromatography_XB10.pdf
- BR1477_Q_Sepharose_FF_Chromatography_for_XB10.pdf
- BR1478_Butyl_650M_Chromatography_XB10.pdf
- BR1479_XB10_Viral_(NFP)_Filtration_XB10.pdf
- BR1480__Formulation_XB10_Drug_Substance,_(5_gL).pdf
- BR1481_XB10_Process_Yield.pdf
- BR1483_Preparation_of_Disposable_TFF_Cassettes.pdf
- BR1485_XB18_Vial_Thaw.doc.pdf
- BR1486_XB18_Scaleup.pdf
- BR1487_XB18_50_L_Wave_Inoculation.pdf
- BR1488_Inoculation_of_XB18_Antibody_in_the_2FRM3-500-01_Fermenter.pdf
- BR1489_Fermentation_of_XB18_Antibody_in_the_2FRM3-500-01_Fermenter.pdf
- BR1490_XB18_Harvest.doc.pdf
- BR1491_XB10_Drug_Substance_Storage_Freeze.pdf
- BR1492_Protein_A_Chromatography_for_XB18.pdf
- BR1493_Q_Sepharose_FF_Chromatography_for_XB18.pdf
- BR1494_Butyl_650M_Chromatography_XB18.pdf
- BR1495_XB18_Viral_(NFP)_Filtration.pdf
- BR1496_Formulation_XB18_Drug_Substance,_(5_gL).pdf
- BR1497_XB18_Process_Yield.pdf
- BR1498_100mM_Argininge_100mM_Glycine_pH3.8.pdf

- BR1499_50mM_Tris_50mM_Sodium_Chloride_pH7.8.pdf
- BR1500_0.1M_Sodium_Phosphate_0.54M_Sodium_Sulfate_pH7.50.pdf
- BR1501_0.1M_Sodium_Phosphate_0.2M_Sodium_Sulfate_pH7.5.pdf
- BR1507_XE02_Preparation_of_Vial_Thaw_for_Master_Cell_Bank.pdf
- BR1508_XE02_Scaleup_for_Master_Cell_Bank.pdf
- BR1509_XE02_Master_Cell_Bank_Vial_Freeze.pdf
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- BR1527_Phenyl_650M_Chromatography_XE17.pdf
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- BR1530_XE17_Drug_Substance_Filtration.pdf
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- BR1535_XE06_Scaleup_for_Master_Cell_Bank.pdf
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- BR1540_XE02_Vial_Thaw.pdf
- BR1541_XE02_Scaleup.pdf
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- BR1544_Fermentation_of_XE02_Antibody_in_the_2FRM3-500-01_Fermenter.pdf
- BR1545_XE02_Harvest.pdf
- BR1546_HIC_Column_Regeneration_Using_the_Pall_PK50_Automated_Chromatography_Skid.pdf
- BR1547_Q_Sepharose_Fast_Flow_(QSFF)_Column_Regeneration_Using_the_Pall_PK50_Automated_Chromatography_Skid.pdf

- BR1548_Protein_A_Column_Regeneration_Using_the_Pall_PK50_Automated_Chromatography_Skid.pdf
- BR1549_Protein_A_Chromatography_for_XE02.pdf
- BR1550_Q_Sepharose_FF_Chromatography_for_XE02.pdf
- BR1551_Butyl_650_M_Hydrophobic_Interaction_Chromatography_(HIC)_for_XE02.pdf
- BR1552_Viral_(NFP)_Filtration_for_XE02.pdf
- BR1553_Formulation_of_XE02_Drug_Substance_5g-L.pdf
- BR1554_XE02_Drug_Substance_Filtration.pdf
- BR1555_XE02_Process_Yield.pdf
- BR1556_XE02_Drug_Substance_Storage_Freeze.pdf
- BR1557_0_1M_Sodium_Citrate_0_60M_Sodium_Sulfate_pH6_0.pdf
- BR1558_0_1M_Sodium_Citrate_0_31M_Sodium_Sulfate_pH6_00.pdf
- BR1559_XE06_Vial_Thaw.pdf
- BR1560_XE06_Scaleup.pdf
- BR1561_XE06_50_L_Wave_Inoculation.pdf
- BR1562_Inoculation_of_XE06_Antibody_in_the_2FRM3-500-01_Fermenter.pdf
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- BR1567_Phenyl_Sepharose_HP_Hydrophobic_Interaction_Chromatography_(HIC)_for_XE06.pdf
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- BR1569_Formulation_of_XE06_Drug_Substance_5g-L.pdf
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- BR1574_0.1M_Sodium_Citrate_1.2M_Sodium_Sulfate_pH6.0.pdf
- BR1575_0.1M_Sodium_Citrate_0.7M_Sodium_Sulfate_pH6.0.pdf
- BR1576_0.1M_Sodium_Citrate_0.325M_Sodium_Sulfate_pH6.0.pdf
- BR1577_Column_Packing_with_Phenyl_Sepharose_High_Performance_Resin.pdf
- BR1578_Column_Efficiency_Testing_Using_the_Pall_PK50_Automated_Chromatography_Skid.pdf
- BR1579_XB23_Preparation_of_Vial_Thaw_for_Master_Cell_Bank.pdf
- BR1580_XB23_Scaleup_for_Master_Cell_Bank.pdf
- BR1581_XB23_Master_Cell_Bank_Vial_Freeze.pdf
- BR1582_Column_Packing_Using_the_Pall_PK50_Automated_Chromatography_Skid.doc.pdf
- BR1583_NX01_Process_Yield.pdf
- BR1584_NX11_Process_Yield.pdf
- BR1585_NX02_Process_Yield.pdf
- BR1586_XB23_Vial_Thaw.pdf

- BR1587_XB23_Scaleup.pdf
- BR1588_XB23_50_L_Wave_Inoculation.pdf
- BR1589_Inoculation_of_XB23_Antibody_in_the_2FRM3-500-01_Fermenter.pdf
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- BR1594_Butyl_650_M_Hydrophobic_Interaction_Chromatography_(HIC)_for_XB23.pdf
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- BR1596_Formulation_of_XB23_Drug_Substance,_5_gL.pdf
- BR1597_XB23_Drug_Substance_Filtration.pdf
- BR1598_XB23_Process_Yield.pdf
- BR1599_XB23_Drug_Substance_Storage_Freeze.pdf
- BR1601_0.1M_Sodium_Phosphate_0.59M_Sodium_Sulfate_pH7.50.pdf
- BR1603_0.1M_Sodium_Phosphate_0.325M_Sodium_Sulfate_pH7.50.pdf
- BR1604__XS-11_Fermentation_Medium.pdf
- BR1605_XMetA_Preparation_of_Vial_Thaw_for_Master_Cell_Bank.pdf
- BR1619_XC44_Preparation_of_Vial_Thaw_for_Master_Cell_Bank.pdf
- BR1620_XC44_Scaleup_for_Master_Cell_Bank.pdf
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- BR1624_XC42_Master_Cell_Bank_Vial_Freeze.pdf
- BR1675_XC84_Preparation_of_Vial_Thaw_for_Master_Cell_Bank.pdf
- BR1676_XC84_Scaleup_for_Master_Cell_Bank.pdf
- BR1677_XC84_Master_Cell_Bank_Vial_Freeze.pdf
- BR1678_XOMA_247_Bulk_Placebo_Storage_Freeze.pdf
- BR1679_XC44_Vial_Thaw.pdf
- BR1680_XC44_Scaleup.pdf
- BR1681_XC44_50_L_Wave_Inoculation.pdf
- BR1682_Inoculation_of_XC44_Antibody_in_the_2FRM3-500-01_Fermenter.pdf
- BR1683_Fermentation_of_XC44_Antibody_in_the_2FRM3-500-01_Fermenter.pdf
- BR1685_XC44_Harvest_Clarification.pdf
- BR1686_XC44_Protein-A_Chromatography.pdf
- BR1687_XC44_SE_Hicap_Chromatography.pdf
- BR1688_XC44_Mustang_Q_Chromatography.pdf
- BR1689_Viresolve_Pro_Plus_Filtration,_XC44.pdf
- BR1690_Formulation,_XC44_Drug_Substance_5_gL.pdf
- BR1691_XC44_Drug_Substance_Filtration.pdf
- BR1692_XC44_Drug_Substance_Storage_Freeze.pdf
- BR1693_XC44_Process_Yield.pdf
- BR1694_Placebo_for_XC_Antibodies.pdf
- BR1715_XC44_Virus_Inactivation_Of_Protein-A_Chromatography_Pools.pdf

- BR1716_XOMA_089_Bulk_Placebo_Storage_Freeze.pdf
- BR1717_XC42_Vial_Thaw.pdf
- BR1718_XC42_Scaleup.pdf
- BR1719_XC42_50_L_Wave_Inoculation.pdf
- BR1720_Inoculation_of_XC42_Antibody_in_the_2FRM3-500-01_Fermenter.pdf
- BR1721_Fermentation_of_XC42_Antibody_in_the_2FRM3-500-01_Fermenter.pdf
- BR1722_Placebo_for_XC_Antibodies_Storage_Freeze.pdf
- BR1723_Harvest_Clarification,_XC42.pdf
- BR1724_Protein-A_Chromatography,_XC42.pdf
- BR1725_XC42_Virus_Inactivation_Of_Protein-A_Chromatography_Pools.pdf
- BR1726_SE_Hicap_Chromatography,_XC42.pdf
- BR1727_Mustang_Q_Chromatography,_XC42.pdf
- BR1728_Viresolve_Pro_Plus_Filtration,_XC42.pdf
- BR1729_Formulation,_XC42_Drug_Substance_5_gL.pdf
- BR1730_XC42_Drug_Substance_Filtration.pdf
- BR1731_XC42_Process_Yield.pdf
- BR1732_XC42_Drug_Substance_Storage_Freeze.pdf
- BR1733_50_mM_Arginine_100_mM_Glycine,_pH_3.5.pdf
- BR1734_25mM_HEPES,_29.1_mM_NaCl,_pH_7.5.pdf
- BR1735_25mM_HEPES,_42.8_mM_NaCl,_pH_7.5.pdf
- BR1736_XC41_Master_Cell_Bank_Vial_Freeze.pdf
- BR1737_XC41_Preparation_of_Vial_Thaw_for_Master_Cell_Bank.pdf
- BR1738_XC41_Scaleup_for_Master_Cell_BanK.pdf
- BR1743_XC41_Vial_Thaw.pdf
- BR1744_XC41_Scaleup.pdf
- BR1745_XC41_50L_Wave_Inoculation.pdf
- BR1746_Inoculation_of_XC41_Antibody_in_the_2FRM3-500-01_Fermenter.pdf
- BR1747_Fermentation_of_XC41_Antibody_in_the_2FRM3-500-01_Fermenter.pdf
- BR1748_Harvest_Clarification_XC41.pdf
- BR1749_Protein-A_Chromatography_XC41.pdf
- BR1750_XC41_Virus_Inactivation_Of_Protein-A_Chromatography_Pools.pdf
- BR1751_SE_Hicap_Chromatography_XC41.pdf
- BR1752_NatriFlo_HD-Q_Chromatography_XC41.pdf
- BR1753_Viresolve_Pro_Plus_Filtration_XC41.pdf
- BR1754_Formulation_XC41_Drug_Substance_5_gL.pdf
- BR1755_XC41_Drug_Substance_Filtration.pdf
- BR1756_XC41_Process_Yield.pdf
- BR1757_XC41_Drug_Substance_Storage_Freeze.pdf
- BR1761_XC84_Vial_Thaw.pdf
- BR1762_XC84_Scaleup.pdf
- BR1763_XC84_50_L_Wave_Inoculation.pdf
- BR1764_Inoculation_of_XC84_Antibody_in_the_2FRM3-500-01_Fermenter.pdf
- BR1765_Fermentation_of_XC84_Antibody_in_the_2FRM3-500-01_Fermenter.pdf
- BR1766_Harvest_Clarification,_XC84.pdf

- BR1768_Protein-A_Chromatography_XC84.pdf
- BR1769_XC84_Virus_Inactivation_Of_Protein-A_Chromatography_Pools.pdf
- BR1770_SE_Hicap_Chromatography_XC84.pdf
- BR1771_NatriFlo_HD-Q_Chromatography,_XC84.pdf
- BR1772_Viresolve_Pro_Plus_Filtration,_XC84.pdf
- BR1773_Formulation,_XC84_Drug_Substance_5_gL.pdf
- BR1774_XC84_Drug_Substance_Filtration.pdf
- BR1775_XC84_Process_Yield.pdf
- BR1776_XC84_Drug_Substance_Storage_Freeze.pdf
- BR1777_25mM_Hepes,_28.2_mM_NaCl,_pH_8.0.pdf
- BR1778_25mM_Hepes,_58.2_mM_NaCl,_pH_8.0.pdf
- BR246 0.83 M Glucose 0.21 M Glutamine Feed Solution
- BR247 Dulbeccos Phosphate Buffered Saline
- BR252 EX-CELL 301 Selective Medium without Fetuin for Cell Bank Preparation
- BR324 EX-CELL 301 Selective Medium Without Fetuin for Inoculum Preparation
- BR721 85 mM Butyrate
- BR751 Protein A Column Sanitization and Storage
- BR752 SP Sepharose Column Sanitization and Storage
- BR753 Q Sepharose Column Sanitization Storage
- BR755 UF DF Sanitization and Storage
- BR757 1.0 N Sodium Hydroxide
- BR815 5.0M Sodium Chloride
- BR942 Chromatograhy Column Packing

Relevant - NIAID SPECIFICATIONS

General Files

- TM101 Visual Inspection
- TM101 TSS Visual Inspection
- TM101 TSS Visual Inspection Raw Material
- TM102 Potentiometric Measurement
- TM102 TSS Potentiometric Measurement
- TM102201 Ex-Cell 301 Medium (Modified)
- TM103 Bioburden Testing
- TM103 TSS Bioburden Testing
- TM103 TSS Raw Material Bioburden Testing
- TM107 Particle counting in Liquids by HIAC.Royco 9703
- TM107 TSS Liquid particle count testing
- TM111 Osmolality by vapor pressure
- TM111 TSS Osmolality by vapor pressure
- TM119 XOMA product identity tests
- TM121 TSS Vial Integrity Testing of stability samples
- TM121 Vial integrity testing of stability samples
- TM5004 Immuno assay for anti-NXO2 in human sera by ECLA on MSD

- TM5004 TSS Immuno assay for anti-NXO2 in human sera by ECLA on MSD
- TM5007 Measurement of NX11 in Human Serum by ECLA on the MSD Platform.pdf
- TM5007 TSS Measurement of NX11 in Human Serum by ECLA on the MSD Platform.pdf
- TM5008 Measurement of NX02 in Human Serum by ECLA on the MSD Platform.pdf
- TM5008 TSS Measurement of NX02 in Human Serum by ECLA on the MSD Platform.pdf
- TM5009 Measurement of NX01 in Human Serum by ECLA on the MSD Platform.pdf
- TM5009 TSS Measurement of NX01 in Human Serum by ECLA on the MSD Platform.pdf
- TM5010 TSS Immunoassay for the Screening of Antibodies to NX02 in Human Serum by ECLA on MSD.pdf
- TM5010 Immunoassay for Antibodies to NX02 in Human Serum by ECLA on MSD Platform.pdf
- TM5011 Immunoassay for Antibodies to NX01 in Human Serum by ECLA on MSD Platform.pdf
- TM5011 TSS Test Summary Sheet for Immunoassay for the Screening of Antibodies to NX01 in Human.pdf
- TM5012 Immunoassay for Antibodies to NX11 in Human Serum by ECLA on MSD Platform.pdf
- TM5012 TSS Test Summary Sheet for Immunoassay for the Screening of Antibodies to NX11 in Human.pdf
- TM5013 Immunoassay for the Confirmation of Antibodies to NX01 in Human Serum by ECLA on MSD.pdf
- TM5013 TSS Immunoassay Confirmation of Antibodies to NX01 in Human Serum ECLA on MSD.pdf
- TM5014 Immunoassay for Endpoint Titer of Antibodies to NX02 in Human Serum by ECLA on MSD.pdf
- TM5014 TSS Immunoassay Endpoint Titer of Antibodies NX02 in Human Serum by ECLA on MSD.pdf
- TM5015 Immunoassay endpoint Titer of Antibodies to NX01 in Human Serum by ECLA--MSD.pdf
- TM5015 TSS Immunoassay endpoint Titer of Antibodies to NX01 in Human Serum by ECLA--MSD.pdf
- TM5016 Immunoassay for the Confirmation of Antibodies to NX11 in Human Serum by ECLA on MSD.pdf
- TM5016 TSS Immunoassay Confirmation of Antibodies to NX11 in Human Serum ECLA on MSD.pdf
- TM5017 Immunoassay Endpoint Titer of Antibodies to NX11 in Human Serum by ECLA--MSD.pdf
- TM5017 TSS Immunoassay Endpoint Titer of Antibodies to NX11 in Human Serum by ECLA--MSD.pdf
- TM5044 of XB10 Drug Concentration in Rat Serum by ECLA on the MSD .pdf
- TM5044 TSS of XB10 in Rat Serum by ECLA on the MSD .pdf
- TM5045 of XB18 in Rat Serum by ECLA on the MSD .pdf

- TM5045 TSS of XB18 in Rat Serum by ECLA on the MSD Draft.pdf
- TM5046 of XB23 in Rat Serum by ECLA on the MSD .pdf
- TM5046 TSS of XB23 in Rat Serum by ECLA on the MSD Draft.pdf
- TM5047 of XE02 in Rat Serum by ECLA on the MSD Watson YE20131213A.pdf
- TM5047 TSS of XE02 in Rat Serum by ECLA on the MSD YE20131213A.pdf
- TM5048 of XE06 in Rat Serum by ECLA on the MSD YE20131213A.pdf
- TM5048 TSS of XE06 in Rat Serum by ECLA on the MSD Watson YE20131213A.pdf
- TM5049 of XE17 in Rat Serum by ECLA on the MSD YE20131213A.pdf
- TM5049 TSS of XE17 in Rat Serum by ECLA on the MSD YE20131213A.pdf
- TM5050 Immunoassay for Antibodies to XOMA 3B in Rat Serum by ECLA on MSD .pdf
- TM5050 TSS Immunoassay for Antibodies to XOMA 3B in Rat Serum by ECLA on MSD .pdf
- TM5051 Immunoassay for Confirmation of Antibodies to XOMA 3B in Rat Serum by ECLA on MSD .pdf
- TM5051 TSS Immunoassay for Confirmation of Antibodies to XOMA 3B in Rat Serum by ECLA on MSD .pdf
- TM5052 Immunoassay for Titer of Antibodies to XOMA 3B in Rat Serum by ECLA on MSD .pdf
- TM5052 TSS Immunoassay for Titer of Antibodies to XOMA 3B in Rat Serum by ECLA on MSD .pdf
- TM5053 Immunoassay for Antibodies to XOMA 3E in Rat Serum by ECLA on MSD .pdf
- TM5053 TSS Immunoassay for Antibodies to XOMA 3E in Rat Serum by ECLA on MSD .pdf
- TM5054 Immunoassay for the Confirmation of Antibodies to XOMA 3E in Rat Serum by ECLA on MSD .pdf
- TM5054 TSS Immunoassay for the Confirmation of Antibodies to XOMA 3E in Rat Serum by ECLA on MSD .pdf
- TM5055 Immunoassay for Titer Determination of Antibodies to XOMA 3E in Rat Serum by ECLA on MSD .pdf
- TM5055 TSS Immunoassay for Titer Determination of Antibodies to XOMA 3E in Rat Serum by ECLA on MSD .pdf
- TM730 Residual Host Cell Protein ELISA
- TM789 Determination of Residual DNA Content of Anti-Botulinum Toxin Antibody by ELISA
- TM892 Measurement of NIAID Antibody Oxidation by HIC-HPLC method
- TM729 Total Protein Determination using BCA Assay
- TM730 Quantitation of CHO Host Cell Protein by ELISA
- TM730 TSS Quantitation of CHO Host Cell Protein by ELISA
- TM741 Pro-inflammatory activity by IL-6 induction.pdf
- TM759 Growth and Productivity Test for Recombinant CHO Cell Banks.pdf
- TM759 TSS Growth and Productivity Test for Recombinant CHO Cell Lines.pdf
- TM782 Tryptic Map, NX02.pdf

- TM783 TSS IEC Analysis of NX01.pdf
- TM783 Ion Exchange Chromatography Analysis of NX01 Containing Samples.pdf
- TM784 Spectrophotometric Determination of Protein Concentration, NX01 Containing Samples.pdf
- TM784 TSS Spectrophotometric Determination of Protein Concentration, NX01 Containing Samples.pdf
- TM789 Residual Protein A Content of anti-Botulinum Toxin Antibody by ELISA for NX01, NX02, NX11.pdf
- TM791 Tryptic Map, NX01.pdf
- TM793 Capillary Electrophoresis - Sodium Dodecyl Sulfate CE SDS Analysis NX01 Containing Samples .pdf
- TM793 TSS Capillary Electrophoresis - Sodium Dodecyl Sulfa.pdf
- TM794 Spectrophotometric Determination of Protein Concentration, NX02 Containing Samples.pdf
- TM794 TSS Spectrophotometric Determination of Protein Conc.pdf
- TM796 TSS Ion Exchange Chromatography Analysis of NX02 Cont.pdf
- TM796 Ion Exchange Chromatography Analysis of NX02 Containing Samples.pdf
- TM797 Capillary Electrophoresis - Sodium Dodecyl Sulfate (CE-SDS) Analysis, NX02 Containing Samples.pdf
- TM797 TSS Capillary Electrophoresis - Sodium Dodecyl Sulfa.pdf
- TM798 Capillary Electrophoresis - Sodium Dodecyl Sulfate (CE-SDS) Analysis, NX11 Containing Samples.pdf
- TM798 TSS Capillary Electrophoresis - Sodium Dodecyl Sulfa.pdf
- TM799 Ion Exchange Chromatography Analysis of NX11 Containing Samples.pdf
- TM799 TSS Ion Exchange Chromatography Analysis of NX11 Containing Samples.pdf
- TM800 Size Exclusion Chromatography Analysis of NX11.pdf
- TM800 TSS SEC Analysis of NX11.pdf
- TM801 Spectrophotometric Determination of Protein Concentration, NX11 Containing Samples.pdf
- TM801 TSS Spectrophotometric Determination of Protein Conc.pdf
- TM802_Tryptic_Map NX11.pdf
- TM806 Growth and Productivity Test for XJEM Modified Medium and XJEM Feed
- TM806 TSS Growth and Productivity Test for XJEM Modified Medium and XJEM Feed
- TM820_Residual DNA Content Threshold Analysis, Sodium Iodide Extraction.pdf
- TM829 Clarity, Opalescence and Color
- TM829 TSS Clarity and Opalescence
- TM829 TSS Color of Solution
- TM860 Spectrophotometric Determination of Protein Concentration, XOMA 3AB, XOMA 3B, and XOMA 3E.pdf
- TM860 TSS OD280 Analysis XOMA 3AB, 3B and 3E.pdf
- TM861 Capillary Electrophoresis - Sodium Dodecyl Sulfate (CE-SDS) Analysis, XOMA 3AB.pdf
- TM861 TSS CE-SDS, XOMA 3AB.pdf
- TM864 Size Exclusion Chromatography Analysis, 3XMAb-BoNT A.pdf

- TM868 Ion Exchange HPLC Method, XOMA 3AB.pdf
- TM869 Determination of XOMA 3AB Binding by ELISA.pdf
- TM880 Quantitation of Total DNA by PicoGreen.pdf
- TM886 Quantitation of Residual CHO Host Cell Protein on the MSD Platform.pdf
- TM891 Quantitation of Residual Protein A on the MSD Platform.pdf
- TM892 Oxidation Assay by Hydrophobic Interaction Chromatography for BoNT-A Antibodies.pdf
- TM893 Capillary Electrophoresis - Sodium Dodecyl Sulfate (CE-SDS) Analysis, XB10.pdf
- TM894 Capillary Electrophoresis--Sodium Dodecyl Sulfate (CE-SDS) Analysis, XB18.pdf
- TM895 Size Exclusion Chromatography Analysis, XB10.pdf
- TM896 Size Exclusion Chromatography Analysis, XB18.pdf
- TM897 Ion Exchange HPLC Method, XB10 Antibody.pdf
- TM898 Ion Exchange HPLC Method, XB18.pdf
- TM899 Tryptic Map, XB10.pdf
- TM900 Tryptic Map Analysis, XB18.pdf
- TM886 Residual CHO Host Cell Protein
- TM891 Residual Protein A on MSD Platform
- TM901 Oxidation Assay for XB10 Antibody by Reversed-Phase Chromatography.pdf
- TM902 XB18 Oxidation Assay.pdf
- TM903 Determination of XB10 Binding to LCHN by ELISA.pdf
- TM904 Determination of XB18 binding to LCHN by ELISA.pdf
- TM905 Spectrophotometric Determination of Protein Concentration, Bo-NT B and E Containing Samples.pdf
- TM905 TSS OD280 Analysis Bo-NT B and E.pdf
- TM907 Capillary Electrophoresis - Sodium Dodecyl Sulfate (CE-SDS) Analysis XE17.pdf
- TM908 Size Exclusion Chromatography Analysis XE17.pdf
- TM909 Iion Exchange HPLC Method of XE17.pdf
- TM910 for Tryptic Map XE17.pdf
- TM911 Oxidation Assay for XE17 Antibody by Reversed-Phase Chromatography.pdf
- TM912 Determination of XE17 binding to LCHN by ELISA.pdf
- TM913 Growth and Productivity Test for CD-CHO Medium.pdf
- TM913 TSS Growth and Productivity For CDCHO Medium Invitrogen.pdf
- TM915 Tryptic Map Analysis, XE02.pdf
- TM916 Ion Exchange HPLC Method, XE02 Antibody.pdf
- TM917 Determination of XE02 binding to LCHN by ELISA.pdf
- TM918 Size Exclusion Chromatography Analysis--XE02.pdf
- TM919 Measurement of the XE02 Antibody Oxidation by Reversed-Phase Chromatography.pdf
- TM920 Capillary Electrophoresis--Sodium Dodecyl Sulfate (CE-SDS) Analysis--XE02.pdf
- TM Quantitation Residual XOMA CHO K1 Host Cell Proteins on MSD Platform.pdf

- TM922 Determination of XE06 Binding to LCHN by ELISA.pdf
- TM923 Tryptic Map Analysis, XE06.pdf
- TM924 Oxidation Assay for XE06 Antibody by Reversed-Phase Chromatography.pdf
- TM925 Ion Exchange HPLC Method, XE06 Antibody.pdf
- TM926 Size Exclusion Chromatography Analysis, XE06.pdf
- TM927 Capillary Electrophoresis--Sodium Dodecyl Sulfate (CE-SDS) Analysis, XE06--dated.pdf
- TM928 Residual DNA Content by PCR.pdf
- TM931 Tryptic Map Analysis, XB23.pdf
- TM932 Determination of XB23 Binding to LCHN by ELISA.pdf
- TM933 IEC for XB23.pdf
- TM934 Capillary Electrophoresis - Sodium Dodecyl Sulfate (CE-SDS) Analysis XEB23.pdf
- TM935 Oxidation Assay for XB23 Antibody by Reversed-Phase Chromatography.pdf
- TM936 Size Exclusison Chromatography Analysis, XB23.pdf
- TM937 Size Exclusison Chromatography Analysis, XOMA 3E Drug Product.pdf
- TM938 Determination of XOMA 3EB Binding by ELISA R00.pdf
- TM939 Capillary Electrophoresis - Sodium Dodecyl Sulfate (CE-SDS) Analysis XOMA 3E.pdf
- TM940 Ion Exchange HPLC Method XOMA 3E.pdf
- TM943 Size Exclusion Chromatography Analysis, XOMA 3B.pdf
- TM944 Determination of XOMA 3B Binding by ELISA.pdf
- TM945 Ion Exchange HPLC Method, XOMA 3B.pdf
- TM946 Capillary Electrophoresis - Sodium Dodecyl Sulfate (CE-SDS) Analysis XOMA 3B.pdf
- TM947 Growth and Productivity Test for XPM Medium.doc.pdf
- TM947 TSS Growth and Productivity For XPM Medium.pdf
- TM953 Size Exclusion Chromatography Analysis, XC44.pdf
- TM954 Determination of XC (Monoclonal antibody) Binding to Specific BoNT C D domain by ELISA.pdf
- TM955 Ion Exchange HPLC, XC44.pdf
- TM956 Capillary Electrophoresis - Sodium Dodecyl Sulfate (CE-SDS) Analysis XC44.pdf
- TM957 Tryptic Map Analysis, XC44.pdf TM954 XC Binding to Specific BoNT CD Domain by ELISA
- TM965 Size Exclusion Chromatography Analysis, XC42.pdf
- TM966 Ion Exchange HPLC Method, XC42.pdf
- TM967 Capillary Electrophoresis - Sodium Dodecyl Sulfate (CE-SDS) Analysis XC42.pdf
- TM969 Tryptic Map Analysis, XC42 Antibody.pdf
- TM971 TSS Bacterial Endotoxin Determination for Water Samples.pdf
- TM971 TSS Test for Bacterial Endotoxin.pdf
- TM971 Bacterial Endotoxin Determination.pdf
- TM974 Ion Exchange HPLC, XC84.pdf

- TM975 Tryptic Map Analysis, XC84.pdf
- TM976 Capillary Electrophoresis - Sodium Dodecyl Sulfate (CE-SDS) Analysis XC84.pdf
- TM977 Size Exclusion Chromatography Analysis, XC84.pdf
- TM980 (XC41 SEC Method).pdf
- TM981 Ion Exchange HPLC Method,XC41.pdf
- TM982 Capillary Electrophoresis - Sodium Dodecyl Sulfate (CE-SDS) Analysis XC41.pdf
- TM983 Tryptic Map Analysis, XC41 Antibody.pdf
- TM991 TSS OD280 Analysis.pdf
- TM991 spectrophotometric Determination of Protein Concentration XOMA 4CD.pdf

Product Specific Files

NIAID 2 FILES:

1. NX01
    a. NX01 Drug Substance
    b. TM783 Ion Exchange HPLC
    c. TM783 TSS Ion Exchange HPLC
    d. TM784 Determination of Protein Concentration
    e. TM784 TSS Determination of Protein Concentration
    f. TM791 Tryptic Map
    g. TM793 Capillary Electrophoresis
    h. TM793 TSS Capillary Electrophoresis

2. NX02
    a. NX02 Drug Substance
    b. TM782 Tryptic Map
    c. TM794 Determination of Protein Concentration
    d. TM794 TSS Determination of Protein Concentration
    e. TM796 Ion Exchange Chromatography
    f. TM796 TSS Ion Exchange Chromatography
    g. TM797 Capillary Electrophroresis
    h. TM797 TSS Capillary Electrophroresis

3. NX11
    a. NX11 Drug Substance
    b. TM798 Capillary Electrophroresis
    c. TM798 TSS Capillary Electrophroresis
    d. TM799 Ion Exchange
    e. TM799 TSS Ion Exchange
    f. TM800 SEC Analysis
    g. TM800 TSS SEC Analysis
    h. TM801 Determination of Protein Concentration

i. TM801 TSS Determination of Protein Concentration
j. TM802 Tryptic Map

NIAID 3 Specific TM Files:

1. XB10
   a. XB10 Drug Substance
   b. TM820 Residual DNA Content Threshold Analysis
   c. TM893 Capillary Electrophoresis
   d. TM895 SEC Analysis
   e. TM897 Ion Exchange HPLC
   f. TM899 Tryptic Map
   g. TM901 Oxidation Assay
   h. TM903 Binding to LCHN by ELISA

2. XB18
   a. XB18 Drug Substance
   b. TM820 Residual DNA Content Threshold Analysis
   c. TM894 Capillary Electrophoresis
   d. TM896 SEC Analysis
   e. TM898 Ion Exchange HPLC
   f. TM900 Tryptic Map
   g. TM902 Oxidation Assay
   h. TM904 Binding to LCHN by ELISA

3. XB23
   a. XB23 Drug Substance
   b. TM928 Residual DNA Content by PCR
   c. TM931 Tryptic Map
   d. TM932 Binding to LCHN by ELISA
   e. TM933 Ion Exchange HPLC
   f. TM934 Capillary Electrophoresis
   g. TM935 Oxidation Assay
   h. TM936 SEC Analysis

4. XE02
   a. XE02 Drug Substance
   b. TM820 Residual DNA Content Threshold Analysis
   c. TM915 Tryptic Map
   d. TM916 Ion Exchange HPLC
   e. TM917 Binding to LCHN by ELISA
   f. TM918 SEC Analysis
   g. TM919 Oxidation Assay
   h. TM920 Capillary Electrophoresis

5. XE06
    a. TM820 Residual DNA Content Threshold Analysis
    b. TM922 Binding to LCHN by ELISA
    c. TM923 Tryptic Map
    d. TM924 Oxidation Assay
    e. TM925 Ion Exchange HPLC
    f. TM926 SEC Analysis
    g. TM927 Capillary Electrophoresis

6. XE17
    a. XE17 Drug Substance
    b. TM820 Residual DNA Content Threshold Analysis
    c. TM907 Capillary Electrophoresis
    d. TM908 SEC Analaysis
    e. TM909 Ion Exhange HPLC
    f. TM910 Tryptic Map
    g. TM911 Oxidation Assay
    h. TM912 Binding to LCHN by ELISA

NIAID 4 Specific TM Files:

1. XC41
    a. TM980 SEC Analysis
    b. TM981 Ion Exchange HPLC
    c. TM982 Capillary Electrophoresis
    d. TM983 Tryptic Map
    e. XC41 Bulk Drug Substance

2. XC42
    a. TM965 SEC Analysis
    b. TM966 Ion Exchange HPLC
    c. TM969 Tryptic Map
    d. TM967 Capillary Electrophoresis
    e. XC42 Bulk Drug Substance

3. XC44
    a. TM953 SEC Analysis
    b. TM955 Ion Exchange HPLC
    c. TM956 Capillary Electrophoresis
    d. TM957 Tryptic Map
    e. XC44 BDS

4. XC84
    a. TM974 Ion Exchange HPLC
    b. TM975 Tryptic Map

c. TM976 Capillary Electrophoresis
d. TM977 SEC Analysis
e. XC84 Bulk Drug Substance

XOMA General Know-How

XOMA Standard Operation Procedures (Know How)

- 010.02.14 Bulk Drug Substance Container Closure Following Final Filtration
- 010.02.18_Cell_Bank_Media_Fill_Procedure.pdf
- 010.03.14 Flow Rate Determination
- 010.06.11 General Surface and Manual Cleaning of Equipment
- 010.06.71 Hazardous Chemical Waste Disposal
- 010.06.73 Manufacturing Checklist
- 010.06.77 Manufacturing Department Labeling Requirement.pdf
- 010.06.81_WFI_Use_and_Expiration_in_X2.pdf
- 010.06.87_Creation_and_Reconciliation_of_labels_for_Bulk_Drug_Substance_Master_Cell_Bank_Master_Working_Cell_Bank.pdf
- 010.08.05 Clean Up of Spills in the Manufacturing Area
- 010.08.19 Preparation of Tubing Assemblies for Autoclaving
- 010.09.01_Handling_and_Storage_of_Temperature_Sensitive_Material.pdf
- 010.10.06_Operation_of_the_3M_Zeta_Plus_Encapsulated_System.pdf
- 020.01.96 Qualification and Control of Product Reference Standards
- 030.01.100Preparation_of_Reagents_and_Chemical_Inventory_in_Analyticall_Development
- 030.01.102_Labeling_aCHO_K1_Antibody_with_SulfoTAG.pdf
- 030.01.99 Preparation of Chemical Solutions in the Quality Control Laboratory.pdf
- 030.02.01_Initiation_and_Control_of_Interim_and_Development_Standards_.pdf
- 040.01.02 The Calibration of Scales and Balances
- 040.01.04 Calibration of Chart Recorders
- 040.01.08 Calibration of Thermometers
- 040.01.22 Volume Checks, Calibration, and Maintenance of Microliter Pipettes
- 040.01.25 Certification and Maintenance of HEPA Filters, Laminar Air Flow Benches, Fume Hoods, Walk-in Hoods and Biological Safety Cabinets
- 040.01.63_Calibration_of_the_Shimadzu_UV-1601_Spectrophotometer.pdf
- 040.01.81_Rosemount_Solucomp_DO2_Transmitter_Calibration.pdf
- 040.01.82_Mass_Flow_Controller_Calibration.pdf
- 040.01.83_Agitator_Calibration.doc.pdf
- 040.01.86_calibration_of_the_shimadzu_uv-1800_spectrophotometer.pdf
- 040.02.01 Controlled Temperature Chamber and Walk-In Cold Room Thermal Mapping Studies
- 040.03.01 Instrument and Equipment Calibration Program
- 040.03.09 Validation Program
- 040.03.14 Log of Use, Maintenance, and Cleaning
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- 040.03.17 Volume Checks of Multichannel Pipets

- 040.03.19_Analytical_Method_Qualification,_Validation,_and_Transfer_in_Quality_Control.pdf
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- 040.03.24 Calibration of the Molecular Devices VersaMax Plate Reader
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- 040.03.30_Analytical_Method_Qualification_in_Pharmaceutical_Development.pdf
- 050.01.32_Environmental_Monitoring_Program_for_XOMA_4,_XOMA_5,_and_XOMA_6.pdf
- 060.01.39 Qualification of Microbiological Media and Solutions By Growth Promotion Testing.pdf
- 060.01.41 Autoclaving Supplies Used in Quality Control Sample Collection and Processing
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- 090.02.21 Check-In of Bioanalytical Development Non-Clinical GLP and Clinical Study Samples
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- 100.03.27 Operation of Balances Scale and Weighing Measuring Components by Process and Manufacturing Sciences and Quality
- 100.03.29_Operation_Maintenance_Calibration_of_OHAUS_Balance_in_Pharmaceutical_Development.pdf
- 100.05.02 Maintenance and Calibration of Centrifuges and Orbital Shakers
- 100.06.37_Installation,_Operation_and_Maintenance_of_the_Vi-CELL_Cell_Viability_Analyzer.pdf
- 100.08.01_Specification,_Purchasing--Purchase,_Commissioning--Equipment,_Instruments,_Software--GxP_Use.pdf
- 100.08.02 Visual Inspection of Production Equipment
- 100.08.03 Cleaning Check-Out for Equipment Prior to First-Time Use
- 100.08.05 Commissioning of Facilities and Equipment for GMP Use.pdf
- 100.09.36 Sampling of Manufacturing Bioreactors
- 100.09.46 Operation of the Terumo Sterile Tube Welder
- 100.09.59 Standardization and Operation of Conductivity Meter for Manufacturing
- 100.09.65 Maintenance of Fermentors and Control Skids
- 100.12.01 Operation and Maintenance of the Fyrite CO2 Analyzer
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- 100.15.01 Operation and Maintenance of XOMA Quality Control High Pressure Liquid Chromatography (HPLC) Systems

- 100.15.07_Operation_and_Maintenance_of_the_Agilent_1100_and 1200 High-Pressure_Liquid_Chromatography_(HPLC)_Systems.pdf
- 100.15.09_Operation_and_Maintenance_of_the_Beckman_Coulter_Proteome_Lab_PA_800_Protein_Characterization_System.pdf
- 100.15.10_HPLC_Column_Conditioning_Procedure_for_New_Quality_Control_Analytical_Columns.pdf
- 100.16.14_Operation_of_the_Forma_Orbital_Shake.pdf
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- 100.17.10_Operation,_Calibration_and_Maintenance_of_the_Fisher_Scientific_Accumet_XL20_pH_Meter.pdf
- 100.23.03 Operation of Power Supplies
- 100.28.16 Operation, Maintenance, and Calibration of the Shimadzu PharmaSpec UV-1700 UV Spectrophotometer
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- 100.33.07 Operation and Maintenance of Controlled Temperature Chambers
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- 100.37.39 Operation and Maintenance of Quality Control Water Baths, Ovens, and Furnaces
- 100.37.50 Analytical Equipment Calibration and Preventative Maintenance
- 100.37.63 Operation and Maintenance of the Cell and Analytical Development (AD) GxP Water Baths
- 100.37.64_Operation_of_the_Nova_Biomedical_Bioprofile_400_Analyzer.pdf
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- 105.01.01_Master_Schedule_Maintenance.pdf
- 105.01.02_GLP_Organizational_Chart.pdf
- 105.01.03_GLP_Management_Roles_and_Responsibilities.pdf
- 105.01.04_Definitions_of_GLP_Terminology.pdf
- 105.01.05 QAU GLP Protocol Review and Copy Maintenance
- 105.01.07_Preparation_of_a_GLP_Phase_Study_Report_by_Preclinical_Research.pdf
- 105.01.09_Overview_of_Procedures_Followed_which_Support_GLP_Nonclinical_Laboratory_Studies.pdf
- 105.02.00_GLP_QAU_Phase_and_Report_Inspections.pdf
- 105.02.01_QAU_Roles_and_Responsibilites.pdf
- 105.02.02 Test Article Fabrication and Characterization for GLP Use
- 105.03.01_Glossary_of_GLP_Terminology_Used_in_Bioanalytical_Development.pdf
- 105.03.05_Determination_of_Bulk_Drug_Substance_and Drug Product Homogenity.pdf
- 105.03.06_Bioanalytical_Development_Assay_Transfer.pdf

- 105.03.07_Operation_and_Cleaning_of_Laminar_Air_Flow_Work_Stations in Bioanalytical Development.pdf
- 105.03.13_Maintenance_of_Instrument_Records_in_Bioanalytical_Development.pdf
- 105.03.15_Chain_of_Custody_Data_Handling_in_Bioanalytical_Development.pdf
- 105.03.16_Incurred_Sample_Reproducibility_Evaluation_of_GLP_Study_Samples_for_Pharmacokinetic_Analysis.pdf
- 105.03.37_Laboratory_Housekeeping_and_Maintenance_Checklist_Procedure_in_Bioanalytical_Development.pdf
- 105.03.38_Installation,_Operation,_and_Maintenance_of_the_Vi-Cell_XR_Viability_Analyzer_in_Bioanalytical_Development.pdf
- 105.03.39_Instructions_Clinical_Pharmacokinetic,_Immunogenicity_Study_Sample_Collection_Processing, Shipping to Bio Dev.pdf
- 105.03.44_WinNonlin_Pharmacokinetic_Analysis_System.pdf
- 105.03.45_Data_Storage_for_GLP_Studies_in_the_Pharmacokinetic_Department.pdf
- 105.03.46_Bioanalysis,_Samples_and_Data_Handling_and_Data_Release_for_Double-Masked_(Double-Blinded)_Clinical_Trials.pdf
- 105.04.00_GLP_Study_Sample_Long Term Storage_in_Bioanalytical_Development.pdf
- 105.04.01_GLP_Archivist_and_Archiving.doc.pdf
- 105.06.00_GLP_Compliance_Assessment_Procedure_for_GLP_Nonclinical_Laboratory_Studies.pdf
- 105.06.01_Roles_and_Responsibilities_for_Sponsor_Representatives_who_Support_GLP_Nonclinical_Laboratory_Studies.pdf
- 105.06.03_Roles_and_Responsibilities_for_Prinicpal_Investigators_who_Support_GLP_Nonclinical_Laboratory_Studies.pdf
- 110.01.01_Pharmaceutical_Worker_Hygiene_and_Health_Requirements.pdf
- 120.01.05 Functions and Responsibilities of the Quality Unit.
- 120.01.08_Quality_Risk_Management
- 120.02.01 Inspection Policy
- 120.03.02 Evaluating Invalid, Unexpected and Out of Specification and Out of Trend Test Results.
- 120.03.07 Deviation Reporting and Resolution
- 120.03.08 Technology Transfer
- 120.03.09 Data Recording Rules
- 120.03.11 Expiration Date Policy
- 120.03.12 Outside Contractors Policy and Procedure
- 120.03.16 Document Change Control Procedure
- 120.03.18 Planned Change Request
- 120.03.19 Corrective And Preventive Action (CAPA) Program
- 120.03.20 QA Guidance on Regulatory Department Approval of DCRs and ECRs
- 120.03.30 XOMA Policy on Manufacturing Process and Analytical Method Technology Transfer to Outside Parties.pdf
- 120.04.02_Product_Specification_File_Requirements.pdf
- 120.05.01 Vendor Qualification - Certificate of Analysis
- 120.05.02_Quality_Agreement_Procedure.pdf

- 120.06.02 Vendor Audit Program
- 120.06.03 Internal and Third Party Audit Program
- 120.06.08 Qualifying Contract Testing Laboratories
- 130.01.02 Assigning Numbers to Controlled Documents
- 130.01.04 Master Signature List
- 130.02.04 Reporting Results - Use of Significant Figures and Rounding Rules
- 130.03.03 Laboratory Notebook Issuance and Archiving
- 130.04.02 Assigning Validation Document Numbers and Archiving Validation Documents
- 130.05.15 Labeling Practices Within Quality Control
- 130.06.01 Submission of Files to the Document Control Archives
- 130.06.03 Security and Policy of the Document Control Archives
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- 130.36.16_Operation_and_Maintenance_of_the_AquaMax_2000_Microplate_Washer_.doc.pdf
- 140.01.03 Reserve Samples
- 140.01.06 Raw Material Release, Requalification, and Expiration Date Policy
- 140.01.07 Using the USP/NF CD-ROM version in the Quality Department
- 140.01.08 Handling Temperature Sensitive Materials in the Event of a Temperature Monitor Alarm
- 140.02.11 Quality Control Material Receiving - Request, Receipt, Inspection, and Materials Distribution in the Laboratory
- 140.02.12 Storage and Inventory Control of Reference Standards.pdf
- 140.03.08 Materials Safety Evaluation per USP and EP
- 140.03.10_Raw_Materials_Process_Flow.pdf
- 140.04.01 Warehouse Receiving
- 140.05.02 Destruction of Raw Materials, Intermediates and Final Products
- 140.06.07_Part_Number_Requests_and_GMP Ordering Procedure Sourcing Part Numbered Items.pdf
- 140.06.11 Returning Material to a Vendor From Inspection or Stock
- 150.01.05 Product Stability Studies and Expiration Dating
- 160.01.01 XOMA GMP Training Program
- 160.01.16 XOMA Core SOPs (Standard Operating Procedures)
- 160.01.18 XOMA OJT (On-the-Job Training) and Training Binder Management
- 160.01.18 XOMA Qualification Form FORM C.pdf
- 160.01.19 XOMA GLP Training Program
- 170.01.06 Operation and Maintenance of the XOMA Card Access System.pdf
- 170.06.27_Cleaning_and_Sanitization_of_Classified_and_Controlled_Areas.doc
- 170.06.30 Laboratory Housekeeping and Maintenance Checklist Procedure
- 170.07.01 Pest Control Program
- 170.08.01 Building Security
- 170.11.06_Maintenance_of_Fermentation_Equipment.pdf
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- 170.11.24_Preventive_Maintenance_Procedure_for_the_Xcellerex_Disposable_Reactor_System.doc.pdf
- 190.01.01 Shipping Request Procedure
- 190.01.01A_Shipping_Request_Form.pdf
- 190.01.02 Shipment Execution Procedure
- 190.01.03_Cold_Chain_Temptale_Monitor_Management.pdf
- 190.01.10 Shipping Biomedical Materials
- 190.03.08._Preparing_Cold_Packs_for_Shipments of GxP Materials.pdf
- 200.01.01 Sampling Raw Materials
- 200.01.02 Visual Inspection of Final Product In Unlabeled Containers
- 210.01.02 QC Data Review Procedure
- 210.01.03 Evaluation of Outlying Analytical Data
- 210.01.04 Trend and Control Charts Used in Quality Control
- 210.01.05 Investigation of Product Bioburden.pdf
- 210.02.01 Use of USP-NF CD-ROM version for Training QC Analysts
- 210.04.05 Stability Interim Reports.pdf
- 210.04.07_Backup_and_Recovery_of_Quality_Control_Laboratory_Computers.doc
- 210.04.09_Use_of_MINITAB_Software_in_the_Quality_Control_Department.pdf
- 210.04.10_Change_Control_in_the_Quality_Control_Departments.pdf
- 210.05.01 Quality Control Test Summary Sheet and Run Log Distribution, Use and Archival
- 210.05.25 TSS Test Summary Sheets of Outside Testing Laboratory Used for Quality Control Tests
- 210.05.25 Test Summary Sheets of Outside Testing Laboratory Used for Quality Control Tests
- 220.01.11_Sample_Submission,_Accountability_and_Result_Reporting.pdf
- 220.01.12_Receipt_and_Distribution_of_Samples_from_CMOs.pdf
- 240.01.01 Product Complaints
- 260.00.01 Documentation of Contact with Regulatory Agencies
- 260.00.02 Review and Approval of Regulatory Submissions
- 260.01.07 SOP for Preparation and Archiving of Regulatory Documents
- 270.01.01 XOMA Security Policy Computer and Network Systems
- 270.01.02 XOMA Compliance Policy for Computerized Systems
- 270.01.65_Manual_Time_Synchronization_of_GMP_Manufacturing_Equipment_in_X-2.pdf
- 270.01.68_System_Owner_and_Business_Owner_review_procedure_for_SOX_and_GXP_Systems_in_Service_Desk.pdf

Schedule 9.5(d)
Eligible Employees

Employee Name	Job Title	Base Salary	Bonus Target	2015 Equity (Target) NQ Options (# of shares)	2015 Equity (Target) RSUs (# of shares)	Date of Hire
Tomic, Milan	Sr. Director, Quality	$231,825	25%	14,152	10,248	4/26/1999
Ferrell, Christina	Project Manager	$115,000	15%	0	6,333	1/5/2015
Rangel-Fonseca, Maria	Manager, Quality Control	$114,056	10%	0	2,600	5/20/2013
Cleary, Erica	Sr Associate 1	$88,825	8%	0	2,333	7/15/2013
Wong, Lily	Sr Research Associate 2, Cell Screening	$93,613	10%	0	2,600	4/14/2008
Espinoza, Yero	Sr Research Associate 2, Cell Screening	$105,165	10%	0	4,333	1/11/2005

Management Incentive Compensation Plan
(As Amended and Restated February 20, 2002)

Calculation of Individual Incentive Awards

Company and individual performance objectives will be weighted depending upon participant level. A 20% judgment factor will be included as an individual performance measurement for all participants in the Plan.

Company and individual performance goals for participants in the Plan are to be weighted as follows:

Participant Level	Company Objectives	Individual Objectives	Performance Objectives
Officer	50%	30%	20%
Senior Director	40%	40%	20%
Director	40%	40%	20%
Manager and Discretionary Participant	30%	50%	20%”

The bonus opportunity ranges for participants in the Plan expressed as a percentage of Base Salaries are as follows:

Participant Level	Minimum	Target	Maximum
Officer	12.5%	25%	37.5%
Director	7.5%	15%	22.5%
Manager	5%	10%	15%
Discretionary Participant	3.5%	7%	10.5%”

Medical and Prescription Drugs

Medical Services	CIGNA HDHP PPO —January 1, 2015	
	In-Network	**Out-of-Network**
XOMA Funded HRA:		
- Individual	$2,250	
- Family	$3,500	
Medical Plan Deductible		
- Individual	$3,250	$6,500
- Family	$4,500	$9,000
Out-of-Pocket Max		
- Individual	$3,250	$6,500
- Family	$4,500	$13,000
Co-Insurance	Plan pay 90% after deductible	Plan pays 70% after deductible
Office Visits:		
- Primary Care	Plan pays 90%, after deductible	Plan pays 70%, after deductible
- Specialist	Plan pays 90%, after deductible	Plan pays 70%, after deductible
- Preventive Care	Plan pays 100%, no deductible	Plan pays 70%, after deductible
Hospitalization	Plan pays 90%, after deductible	Plan pays 70%, after deductible
Outpatient Surgery	Plan pays 90%, after deductible	Plan pays 70%, after deductible
Diagnostic Lab & X-ray	Plan pays 90%, after deductible	Plan pays 70%, after deductible
Emergency Room	Plan pays 90%, after deductible	Plan pays 90% after deductible
Prescription Drugs:	$250 Individual / $750 Family Deductible (Brand)	Not Covered
When patient requests brand drug, patient pays the generic copay plus the difference between the brand and generic drugs p to the cost of the brand name drug.		
Retail (30 day supply)		
- Generic	$35 Co-pay	
- Preferred Brand	$50 Co-pay	
- Non-Preferred Brand	$65 Co-pay	
Home Delivery (90 day supply)		
- Generic	$88 Co-pay	
- Preferred Brand	$125 Co-pay	
- Non-Preferred Brand	$163 Co-pay	
	Employee Only $155.45	
Monthly Premium	Employee + 1 $337.93	
	Employee + 2 or more $498.42	
Member Services	www.mycigna.com 1.800.CIGNA24(1.800.244.6224)	

Services	Kaiser Permanente HMO — January 1, 2015
Deductible **- Individual** **- Family**	None
Out-of-Pocket Max - Individual - Family	$3,000 $6,000
Co-Insurance	Plan pays 100%
Office Visits: **- Primary Care** **- Specialist** **- Preventive Care**	$30 Co-pay $30 Co-pay 100%
Hospitalization	Plan pays 100%, after $500 co-pay per day
Outpatient Surgery	Plan pays 100%, after $250 co-pay per procedure
Diagnostic Lab & X-ray	Plan pays 100%, after $10 co-pay per encounter (Note: Advanced imaging such as MRI, CT and PET scans are a $50 co-pay)
Emergency Room	Plan pays 100%, after $150 co-pay per visit
Prescription Drugs: **Retail (30 day supply)** **- Generic** **- Brand** **Home Delivery (100 day supply)** **- Generic** **- Brand**	 $10 Co-pay $30 Co-pay $20 Co-pay $60 Co-pay
Monthly Premium	Employee Only $155.45 Employee + 1 $337.93 Employee + 2 or more $498.42
Member Services	www.members.kp.org 1.800.464.4000

Dental

Our Dental PPO plan through Unum is designed to encourage preventative care by paying 100% of the reasonable and customary costs for participating employees' preventative services and to help pay a portion of the charges for their general & major services as outlined in the plan description.

The dental coverage also applies to "out-of-network" dentists at a reimbursement level of 90th percentile of usual and customary reimbursements for dentists in that local area Services

Services	Unum Dental PPO	
	In-Network	Out-of-Network
Deductible (waived for preventive) **- Individual** **- Family**	$50 $150	$50 $150
Annual Maximum	$2,000	
Preventive Services **Exam Cleanings, 4 per calendar year** **X-rays**	100%	100% of UCR
Basic Services **Fillings** **Simple Extractions** **Endodontics** **General Anesthesia**	80%	80% of UCR
Major Services **Crowns** **Prosthetics** **Implants**	50%	50% of UCR
Orthodontia (Adult & Child)	50%	50% of UCR
Lifetime Orthodontic Maximum	$1,500	
Monthly Premium	Employee Only $13.98 Employee + 1 $25.18 Employee + 2 or more $42.69	
Member Services	www.unumdental.com	1.888.222.2685

Vision

Our Vision plan through Cigna is provides routine vision exams for a $20 copay, and preferred pricing on a large selection of brand-name, designer frames, lenses, and lens options.

Benefit	In-Network	Out-of-Network	
Exam Copay	$20 copay	N/A	
Exam Allowance*	Covered 100% after copay	Up to $45	
Materials Copay	$20 copay	N/A	
Eyeglass Lenses*	100% after copay	Single vision	Up to $32
		Bifocal	Up to $55
		Trifocal	Up to $65
		Leticular	Up to $80
Frames*	Up to $130	Up to $71	
Contact Lens* **(in lieu of lenses and frame)**			
- Elective	Up to $130	Up to $105	
- Therapeutic	100%	Up to $210	
***Frequency**	The frequency period for the is once per plan year (calendar year basis)		
Monthly Premium	Employee Only$1.65 Employee + 1$3.30 Employee + 2 or more$4.95		
Member Services	www.mycigna.com	1.877.478.7557	

Basic Life and AD&D

XOMA provides benefit eligible employees with Basic Term Life and AD&D coverage through Unum.

Schedule of Benefits	Life/AD&D	
Eligibility	Class 1: CEO & VP Class 2: All Other Eligible Employees	
Life Benefit Amount	Class 1: 2x Salary to $700,000 Class 2: 1x Salary to $500,000	
AD&D Benefit Amount	100% of Life Benefit to $500,000	
Guarantee Issue	$500,000	
Age Reduction	To 65% at 65To 50% at 70	
Value Add	Unum's Life Financial Planning resources are part of the basic life benefit and encompasses objective financial planning, legal information and emotional support.	
Cost:	100% Employer Paid (All employees pay taxes on benefits in excess of $50,000)	
Member Services	www.unum.com	1.800.421.0344

Voluntary Life

XOMA provides benefit eligible employees the option of electing and paying the premium for additional Life coverage through post-tax payroll deduction.

Schedule of Benefits	Voluntary Life
Employee: **- Benefit** **- Maximum** **- Guarantee Issue**	Units of $10,000 $500,000 $170,000
Spouse/Domestic Partner: **- Benefit** **- Maximum** **- Guarantee Issue**	Units of $5,000 $500,000 (not to exceed 100% of employee's election) $25,000
Child: **- Benefit** **- Maximum** **- Guarantee Issue**	Units of $2,000 $10,000 $10,000 (The maximum benefit for a child between the ages of live birth and 6 months is $1,000)

Voluntary AD&D

XOMA provides benefit eligible employees the option of electing and paying the premium for additional AD&D coverage through post-tax payroll deduction.

Schedule of Benefits	Voluntary Life
Employee: **- Benefit** **- Maximum**	Units to 5x salary in increments of $10,000 $500,000
Spouse/Domestic Partner: **- Benefit** **- Maximum**	50% of employee's amount of coverage Up to $250,000
Child: **- Benefit**	Flat $10,000 (The maximum benefit for a child between the ages of live birth and 6 months is $1,000)

Voluntary Long-Term Care Insurance

XOMA Corporation provides benefit eligible employees with a base long-term care plan through Unum. The base plan and buy-up options are described below:

Base Plan	Unum Long-Term Care
Monthly Facility Benefit	$3,000
Elimination Period (one per lifetime)	90 days
Lifetime Maximum	$108,000
Facility Benefit Duration	3 Years
Home Care Level	50% of facility benefit amount
Member Services	www.unum.com 800.227.4165, option 2

Voluntary Buy-Up Option(s)	
Guarantee Issue Limits: • Base Facility monthly benefit not to exceed $6,000 per month • Base duration not exceed 6 year duration • Family home care benefits (paid at 50% of facility benefit amount • 5% Compound uncapped inflation protection	
Additional Options:	➢ Monthly benefit amounts greater than $6,000 ➢ Lifetime duration ➢ 75% and 100% home care level Additional Options: ➢ Community case and immediate family member care Spouses, Domestic Partners, Adult Children over 18 years of age, Siblings, Parents(in-law) and Grandparents(in-law) are eligible for the same plan design and rate tables (based on their own age) and require medical underwriting for all options chosen.

Prudential 401(k)

XOMA matching contributions vest over a period of 4 years. Employees have the opportunity to divest their unvested match at anytime.

Years of Service Less than 1	Vested Percentage
Less than 1	0%
1 but less than 2	25%
2 but less than 3	50%
3 but less than 4	75%
4 or more years	100%

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

Exhibit 10.5

NANOTHERAPEUTICS LICENSE AGREEMENT,

BY AND BETWEEN

XOMA (US) LLC

and

NANOTHERAPEUTICS, INC.

March 23, 2016

NANOTHERAPEUTICS LICENSE AGREEMENT

This NANOTHERAPEUTICS LICENSE AGREEMENT (this "**Agreement**") is entered into as of March 23, 2016 (the "**Effective Date**") by and between XOMA (US) LLC, a Delaware limited liability company ("**Licensor**), and Nanotherapeutics, Inc., a Delaware Corporation ("**Licensee**"). Each of Licensor and Licensee is sometimes referred to individually herein as a "**Party**" and collectively as the "**Parties**."

RECITALS

WHEREAS, simultaneously with the execution of this Agreement, Licensor and Licensee have entered into that certain Asset Purchase Agreement (the "**APA**") relating to the BOT Business (as defined in the APA).

WHEREAS, Licensor desires to retain ownership of the XOMA Co-Formulation Patents, XOMA Vector Patents, XOMA BOT Know-How, and XOMA General Know-How (each defined in the APA and which were not included within the Purchased Assets (as defined in the APA) acquired by Licensee under the APA) and Licensee desires to license the XOMA Co-Formulation Patents, XOMA Vector Patents, XOMA BOT Know-How, and XOMA General Know-How for all uses within the Field and Licensor agrees to grant such license.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the Parties hereto, intending to be legally bound, hereby agree as follows:

1. DEFINITIONS

Whenever used in this Agreement with an initial capital letter, the terms defined in this Article 1 shall have the meanings specified herein and therein. Capitalized terms not defined herein shall have the meanings set forth in the APA.

"**Bankruptcy Code**" has the meaning given in Section 6.14.

"**Calendar Quarter**" means each three month period commencing on January 1, April 1, July 1, and October 1.

"**Field**" means [*].

"**Net Sales**" means the gross amounts invoiced by Buyer, its Affiliates, and any of its or their licensees or collaborators (each, a "**Selling Party**") for the sale, transfer or other distribution of XOMA Derived Products to Third Parties, less the following deductions to the extent reasonable and customary and actually incurred, allowed, paid, accrued or specifically allocated in its financial statements, for:

(a) discounts (including trade, quantity and cash discounts), cash and non-cash coupons, retroactive price reductions, and charge-back payments and rebates granted to any Third Party (including to governmental entities or agencies, purchasers, reimbursers, customers, distributors, wholesalers, and group purchasing and managed care organizations or entities (and other similar entities and institutions));

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

(b) credits or allowances, if any, on account of price adjustments, recalls, claims, damaged goods, rejections or returns of items previously sold (including Product returned in connection with recalls or withdrawals) and amounts written off by reason of uncollectible debt, provided that if the debt is thereafter paid, the corresponding amount shall be added to the Net Sales of the period during which it is paid; and

(c) rebates (or their equivalent), administrative fees, chargebacks and retroactive price adjustments and any other similar allowances granted by a Selling Party (including to governmental authorities, purchasers, reimburses, customers, distributors, wholesalers, and managed care organizations and entities (and other similar entities and institutions)) which effectively reduce the selling price or gross sales of the Product.

If non-monetary consideration is received by a Selling Party for any Product in a given country, Net Sales will be calculated based on the average price charged for such Product in such country, as applicable, during the preceding royalty period, or in the absence of such sales, transfers or other distributions, the fair market value of the Product in such country, as applicable, as determined by the Parties in good faith. If the Parties are unable to reach such an agreement, the Parties shall refer such matter to a jointly selected Third Party with expertise in the pricing of pharmaceutical products that is not, and has not in the past five (5) years been, an employee, consultant, legal advisor, officer, director or stockholder of, and does not have any conflict of interest with respect to, either Party for resolution. Net Sales shall be determined on, and only on, the first sale, transfer or other distribution by a Selling Party to a Third Party that is not a Selling Party.

"**Term**" has the meaning given in Section 4.1.

"**Territory**" means worldwide.

2. LICENSES

2.1 **XOMA Co-Formulation Patents**. Licensor hereby grants Licensee an exclusive, royalty-free, fully paid-up, freely sublicensable and transferable, license under the XOMA Co-Formulation Patents for all uses and applications in the Field in the Territory, including to make, have made, use, sell, offer for sale, import, export, manufacture, develop and commercialize products for use in the Field and in the Territory.

2.2 **XOMA Vector Patents**. Licensor hereby grants Licensee a non-exclusive, royalty-free, fully paid-up, freely sublicensable and transferable, license under the XOMA Vector Patents for all uses and applications in the Field in the Territory, including to make, have made, use, sell, offer for sale, import, export, manufacture, develop and commercialize products for use in the Field and in the Territory.

2.3 **XOMA BOT Know-How**. Licensor hereby grants Licensee an exclusive, royalty-free, fully paid-up, freely sublicensable and transferable, license to the XOMA BOT Know-How for all uses and applications in the Field in the Territory, including to make, have made, use, sell, offer for sale, import, export, manufacture, develop and commercialize products for use in the Field and in the Territory.

2.4 **XOMA General Know-How**. Licensor hereby grants Licensee a non-exclusive, royalty-free, fully paid-up, freely sublicensable and transferable, license to the XOMA General Know-How for all uses and applications in the Field in the Territory, including to make, have made, use, sell, offer for sale, import, export, manufacture, develop and commercialize products for use in the Field and in the Territory.

3. PAYMENTS

3.1 In consideration of the licenses granted in Article 2, Licensee shall make the payments set forth below in this Section 3.1:

(a) One Million, Five Hundred Thousand Dollars ($1,500,000), payable in four equal, consecutive Calendar Quarter payments, with the first such payment being due at the end of the Calendar Quarter in which [*];

(b) Two Million Dollars ($2,000,000) within three (3) Business Days of [*];

(c) One Million Dollars ($1,000,000), payable in four equal, consecutive Calendar Quarter payments, with the first such payment being due at the end of the Calendar Quarter in which [*]; and

(d) Quarterly Royalty Payments of Fifteen Percent (15%) of Net Sales of XOMA Derived Products.

3.2 **Payment of Milestone and Royalty Amounts; Accounting and Records**.

3.2.1 **Payment of Royalties**. Licensee shall pay Licensor the royalty payments set forth in Section 3.1(d) for each Calendar Quarter in which there are Net Sales, within thirty (30) days after the end of each such Calendar Quarter.

3.2.2 **Royalty Reports**. Licensee shall provide, at the same time each payment is made pursuant to Section 3.1(d), a report showing: (a) the gross sales of each XOMA Derived Product by country; (b) the amount of deductions, by category of permitted deduction, from gross sales to determine Net Sales; and (c) a calculation of the amount of royalty due to Licensor.

3.2.3 **Mode of Payment**. All payments made pursuant to Section 3.1 shall be made in immediately available funds by wire transfer to a United States based account to be identified by Licensor.

3.2.4 **Currency of Payments**. All payments made pursuant to Section 3.1 shall be made in United States dollars. When calculating the Net Sales of any XOMA Derived Product that occur in currencies other than the U.S. dollars, Licensee shall convert the amount of such sales into U.S. dollars using the applicable exchange rate reported in the Wall Street Journal for the last day of the applicable reporting period.

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

3.2.5 **Late Payments**. To the extent any payments made pursuant to Section 3.1 are not paid within the specified time period, such outstanding payments shall accrue interest from the date due, at the one year LIBOR rate on the last Business Day of the applicable calendar quarter prior to the date on which such payment was due, plus [*] point, calculated on the basis of a 360-day year, or, if lower, the maximum rate permitted by law.

3.2.6 **Blocked Currency**. If, at any time, legal restrictions prevent Licensee from remitting part or all of a royalty payment due under Section 3.1(d) when due with respect to any country where XOMA Derived Products are sold, Licensee shall promptly notify Licensor in writing and shall continue to provide Net Sales reports for such royalty payments within thirty (30) days after the end of each such Calendar Quarter. Such royalty payments shall continue to accrue in such country, and Licensee shall deposit such payment in local currency in such country to the credit of Licensor in a recognized banking institution designated by Licensor in writing.

3.2.7 **Withholding Tax**. If Laws require withholding of income or other taxes imposed upon any royalty payments made by Licensee to Licensor under this Agreement, Licensee shall (i) make such withholding payments as may be required, (ii) subtract such withholding payments from such payments, (iii) submit appropriate proof of payment of the withholding taxes to Licensor within a reasonable period of time, and (iv) promptly provide Licensor with all official receipts with respect thereto. Licensee shall provide reasonable assistance in order to allow Licensor to obtain the benefit of any present or future treaty against double taxation which may apply to such payments.

3.2.8 **Records**. Licensee shall keep, and shall require each Selling Party to keep, full, true and accurate books of account containing all particulars that may be necessary for the purpose of calculating all royalty payment amounts payable under Section 3.1(d).

3.2.9 **Audits**. Upon timely request and at least thirty (30) days' prior written notice from Licensor, Licensor may have an independent public accountant reasonably acceptable to Licensee perform, on behalf of Licensor, an audit of such books and records of the Selling Parties that are reasonably necessary for Licensor's independent public accountant to report on Net Sales of XOMA Derived Products for the then current calendar year and the two (2) most recently completed calendar years prior to the date of such request and the correctness of any Net Sales report or royalty payment made during such period. Such audit shall be conducted during regular business hours in such a manner as to not unnecessarily interfere with the Licensee's normal business activities. Such audit shall not be performed more frequently than once per calendar year nor more frequently than once with respect to records covering Net Sales of any Product during any give period of time. Such audits shall be conducted at the expense of Licensor, unless such audit identifies an underpayment of royalty payments of [*] or more for any XOMA Derived Product over any calendar year, in which case Licensee shall reimburse Licensor for all expenses incurred by Licensor to conduct such audit.

3.2.10 **Underpayment**. If the audit reveals an underpayment to Licensor, Licensee shall pay the shortfall amount to Licensor within thirty (30) days after the completion of the audit together with the applicable late payment interest amount.

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4. TERM AND TERMINATION

4.1 **Term**. This Agreement shall commence on the Effective Date and shall continue in full force and effect, unless otherwise terminated pursuant to Section 4.2, until the expiration of the last valid claim of the XOMA Patents in all countries in the Territory (the "**Term**"). Upon the expiration of the Term, the licenses granted to Licensee shall be retained as fully paid-up, worldwide, perpetual and irrevocable licenses.

4.2 **Termination**. This Agreement may be terminated as follows:

4.2.1 **Termination for Convenience**. Licensee may terminate this Agreement at any time upon [*] prior written notice to Licensor.

4.2.2 **Termination for Breach**. If a Party materially breaches any of its obligations under this Agreement, the non-breaching Party may provide the breaching Party with a written notice specifying the nature of the breach, and stating its intention to terminate this Agreement if such breach is not cured. If the material breach is not cured within [*] after the receipt of such notice, the non-breaching Party shall be entitled, without prejudice to any of its other rights under this Agreement, and in addition to any other remedies available to it by law or in equity, to terminate this Agreement by providing written notice to the other Party.

4.2.3 **Termination for Failure of Exercised Option**. In the event that (i) Buyer does not exercise its Option in accordance with Section 2.3 of the APA, on or before the end of the Option Period or (ii) Buyer notifies Seller that it will not exercise the Option, this Agreement will automatically terminate.

4.3 **Surviving Provisions**. Termination or expiration of this Agreement for any reason shall be without prejudice to the rights and obligations of the Parties that have accrued prior to the termination or expiration. The following provisions shall survive early termination: Section 3.2 and Articles 4 and 5.

4.4 **Cumulative Rights**. The rights and remedies provided to each Party in this Article 3 are cumulative and in addition to any other rights and remedies available to such Party at law or in equity.

5. NO WARRANTIES; LIMITATION OF LIABILITIES

5.1 **Warranty Disclaimer**. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS AGREEMENT, NEITHER PARTY MAKES ANY WARRANTY WITH RESPECT TO ANY KNOW-HOW, RIGHTS OR OTHER SUBJECT MATTER OF THIS AGREEMENT AND EACH PARTY HEREBY DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NONINFRINGEMENT.

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5.2 **Limited Liability**. NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY OR ANY OF ITS AFFILIATES FOR ANY SPECIAL, PUNITIVE, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING LOST PROFITS OR LOST REVENUES, REGARDLESS OF ANY NOTICE OF THE POSSIBILITY OF SUCH DAMAGES. NOTWITHSTANDING THE FOREGOING, NOTHING IN THIS SECTION 5.2 IS INTENDED TO OR SHALL LIMIT OR RESTRICT THE LIABILITY OF EITHER PARTY FOR THE BREACH OF ITS OBLIGATIONS UNDER THE CONFIDENTIALITY AGREEMENT.

6. GENERAL PROVISIONS

6.1 **Expenses**. Except as otherwise specified in this Agreement, all costs and expenses, including fees and disbursements of counsel, financial advisors, and accountants, incurred in connection with this Agreement and the transactions contemplated hereby will be paid by the party incurring such costs and expenses.

6.2 **Further Assurances and Actions**. Each of the parties hereto, upon the request of the other party hereto and without further consideration, will do, execute, acknowledge, and deliver, or cause to be done, executed, acknowledged, or delivered, all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney, and assurances as may be reasonably necessary to effect complete consummation of the transactions contemplated by this Agreement. Licensor and Licensee agree to execute and deliver such other documents, certificates, agreements, and other writings and to take such other actions as may be reasonably necessary in order to consummate or implement expeditiously the transactions contemplated by this Agreement.

6.3 **Notices**. All notices, requests, demands, waivers, and communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given if delivered by hand (including by reputable overnight courier):

6.3.1 if to Licensor, to:

XOMA (US) LLC
c/o XOMA Corporation
2910 Seventh Street
Berkeley, CA 94710
(510) 204-7200
Attn: General Counsel
with a copy to:
Morrison & Foerster LLP
425 Market Street
San Francisco, CA 94105
Attn: Van W. Ellis
Telephone: (202) 887-8776

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6.3.2 if to Licensee, to:

Nanotherapeutics, Inc.
13859 Progress Blvd., Suite 300
Alachua, FL 32615
Telephone: 386-462-9663
Attn: James Talton
with a copy to: Nanotherapeutics, Inc.
13859 Progress Blvd., Suite 300
Alachua, FL 32615
Telephone: 386-462-9663
Attn: Andy Cziotka, Esq.

or to such other person or address as any party shall specify by notice in writing to the other party. All such notices, requests, demands, waivers and communications shall be deemed to have been given (i) on the date on which so hand-delivered; and (ii) on the date on which faxed and confirmed.

6.4 **Waiver and Amendments**. The failure of any party to assert a right hereunder or to insist upon compliance with any term or condition of this Agreement shall not constitute a waiver of that right or excuse a similar subsequent failure to perform any such term or condition by the other party. No waiver shall be effective unless it has been given in writing and signed by the party giving such waiver. No provision of this Agreement may be amended or modified other than by a written document signed by authorized representatives of each party.

6.5 **Headings**. The headings contained in this Agreement are for reference purposes only and will not affect in any way the meaning or interpretation of this Agreement.

6.6 **Severability**. If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced under any Law or public policy, all other terms and provisions of this Agreement will nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the parties hereto will negotiate in good faith to modify this Agreement so as to effect the original intent of the parties hereto as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

6.7 **Counterparts**. This Agreement may be executed in one or more counterparts, all of which will be considered one and the same agreement and will become effective when one or more counterparts have been signed by each of the parties hereto and delivered to the other parties hereto, it being understood that all parties hereto need not sign the same counterpart.

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6.8 **Entire Agreement; No Third Party Beneficiaries**. This Agreement (together with the schedules, annexes and exhibits attached hereto), the APA, and the Ancillary Agreements constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, between or among the parties hereto with respect to the subject matter hereof. Except as specifically provided herein, this Agreement is not intended to confer upon any Person other than the parties hereto any rights or remedies hereunder.

6.9 **Relationship of the Parties**. Nothing contained in this Agreement shall be deemed to constitute a partnership, joint venture, or legal entity of any type between Licensor and Licensee, or to constitute one as the agent of the other. Moreover, each party agrees not to construe this Agreement, or any of the transactions contemplated hereby, as a partnership for any tax purposes.

6.10 **Governing Law; Jurisdiction**. This Agreement will be governed by and construed in accordance with the laws of the State of California, without regard to the conflict of law principles thereof. Each of the parties irrevocably agrees that any legal action or proceeding arising out of or relating to this Agreement brought by any other party or its successors or assigns shall be brought and determined in state or federal court sitting in California, and each of the parties hereby irrevocably submits to the exclusive jurisdiction of the aforesaid courts for itself and with respect to its property, generally and unconditionally, with regard to any such action or proceeding arising out of or relating to this Agreement and the transactions contemplated hereby. Each of the parties agrees not to commence any action, suit, or proceeding relating thereto except in the courts described above in California, other than actions in any court of competent jurisdiction to enforce any judgment, decree or award rendered by any such court. Each of the parties further agrees that notice as provided herein shall constitute sufficient service of process and the parties further waive any argument that such service is insufficient. Each of the parties hereby irrevocably and unconditionally waives, and agrees not to assert, by way of motion or as a defense, counterclaim, or otherwise, in any action or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby, (a) any claim that it is not personally subject to the jurisdiction of the courts described herein for any reason; (b) that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment, or otherwise); and (c) that (i) the suit, action, or proceeding in any such court is brought in an inconvenient forum; (ii) the venue of such suit, action, or proceeding is improper; or (iii) this Agreement, or the subject matter hereof, may not be enforced in or by such courts.

6.11 **Specific Performance**. The parties hereto agree that irreparable damage would occur in the event any provision of this Agreement were not performed in accordance with the terms hereof and that the parties hereto will be entitled to specific performance of the terms hereof, in addition to any other remedy at law or in equity, without the necessity of demonstrating the inadequacy of monetary damages and without the posting of a bond.

6.12 **Waiver of Jury Trial**. EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT, THE ANCILLARY AGREEMENTS, INSTRUMENTS AND DOCUMENTS CONTEMPLATED HEREBY, OR THE TRANSACTIONS CONTEMPLATED HEREBY AND FOR ANY COUNTERCLAIM THEREIN.

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6.13 **Binding Effect; Assignment**. This Agreement shall inure to the benefit of and be binding upon the parties hereto and the respective successors and permitted assigns of the parties and such Persons. This Agreement may not be assigned by any party hereto without the prior written consent of each of the other parties; provided, however, that any Party may assign its rights hereunder to one or more of its Affiliates so long as such Affiliate agrees in writing to become a party to this Agreement and be bound to the terms and conditions of this Agreement, and the transferring party shall remain liable for the performance of all obligations of itself and its Affiliated transferees under this Agreement.

6.14 **Section 365(n) of the Bankruptcy Code**. All rights and licenses granted pursuant to any Section of this Agreement are, and shall be deemed to be, rights and licenses to "intellectual property" (as defined in Section 101(35A) of title 11 of the United States Code and of any similar provisions of applicable Laws under any other jurisdiction (the "**Bankruptcy Code**")). Each Party agrees that the other Party, as a Licensee of rights and licenses under this Agreement, shall retain and may fully exercise all of its rights and elections under the Bankruptcy Code. The Parties further agree that, in the event of the commencement of a bankruptcy proceeding by or against a Party under the Bankruptcy Code or analogous provisions of applicable Law outside the United States, the other Party shall be entitled to a complete duplicate of (or complete access to, as appropriate) any intellectual property licensed to such Party and all embodiments of such intellectual property, which, if not already in such Party's possession, shall be promptly delivered to it (a) upon any such commencement of a bankruptcy proceeding upon such Party's written request therefor, unless the Party in the bankruptcy proceeding elects to continue to perform all of its obligations under this Agreement or (b) if not delivered under clause (a), following the rejection of this Agreement by the Party in the bankruptcy proceeding upon written request therefor by the other Party.

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives.

XOMA (US) LLC

By: /s/ Jim Neal
Name: Jim Neal
Title: Senior Vice President and Chief Operating Officer

NANOTHERAPEUTICS, INC.

By: /s/ James D. Talton
Name: James D. Talton, Ph.D.
Title: President and Chief Executive Officer

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Exhibit 10.6

Amendment and Restatement to Agreements

This Amendment and Restatement ("Amendment") to both the Asset Purchase Agreement ("APA") and Nanotherapeutics License Agreement ("License Agreement") is dated February 2, 2017, between XOMA Corporation ("XOMA") and Nanotherapeutics, Inc. ("Nano"). Capitalized terms not otherwise defined in this Amendment shall have the meaning set forth in the APA and License Agreement.

Seller and Buyer are parties to an APA dated November 4, 2015 and the License Agreement dated March 23, 2016; and

Nano wishes to exercise the Option to purchase the Optioned Assets under the APA; and The parties wish to amend and restate both the APA and the License Agreement.

Therefore, the parties agree as follows:

1. Exercise of Option. Nano exercises the Option, under Section 2.3 of the APA, effective as of the date of this First Amendment.

2. Amendments.

a. Article III of the APA is deleted in its entirety.

b. The definition of "**Net Sales**", under Section 1 of the License Agreement, is amended and restated to include a new subparagraph (d), such that the definition now reads as follows:

"***Net Sales***" *means the gross amounts invoiced by Buyer, its Affiliates, and any of its or their licensees or collaborators (each, a "****Selling Party****") for the sale, transfer or other distribution of XOMA Derived Products to Third Parties, less the following deductions to the extent reasonable and customary and actually incurred, allowed, paid, accrued or specifically allocated in its financial statements, for:*

(a) discounts (including trade, quantity and cash discounts), cash and non-cash coupons, retroactive price reductions, and charge-back payments and rebates granted to any Third Party (including to governmental entities or agencies, purchasers, reimbursers, any Third Party (including to governmental entities or agencies, purchasers, reimbursers, customers, distributors, wholesalers, and group purchasing and managed care organizations or entities (and other similar entities and institutions));

(b) credits or allowances, if any, on account of price adjustments, recalls, claims, damaged goods, rejections or returns of items previously sold (including Product returned in connection with recalls or withdrawals) and amounts written off by reason of uncollectible debt, provided that if the debt is thereafter paid, the corresponding amount shall be added to the Net Sales of the period during which it is paid;

(c) rebates (or their equivalent), administrative fees, chargebacks and retroactive price adjustments and any other similar allowances granted by a Selling Party (including to governmental authorities, purchasers, reimburses, customers, distributors, wholesalers, and managed care organizations and entities (and other similar entities and institutions)) which effectively reduce the selling price or gross sales of the Product; and

(d) proceeds of the sale, assignment, license or other transfer of any priority review vouchers under the 21st Century Cures Act.

If non-monetary consideration is received by a Selling Party for any Product in a given country, Net Sales will be calculated based on the average price charged for such Product in such country, as applicable, during the preceding royalty period, or in the absence of such sales, transfers or other distributions, the fair market value of the Product in such country, as applicable, as determined by the Parties in good faith. If the Parties are unable to reach such an agreement, the Parties shall refer such matter to a jointly selected Third Party with expertise in the pricing of pharmaceutical products that is not, and has not in the past five (5) years been, an employee, consultant, legal advisor, officer, director or stockholder of, and does not have any conflict of interest with respect to, either Party for resolution. Net Sales shall be determined on, and only on, the first sale, transfer or other distribution by a Selling Party to a Third Party that is not a Selling Party.

c. Section 3.1 of the License Agreement is amended and restated to read as follows:

3.1 In consideration of the licenses granted in Article 2, Licensee shall make the payments set forth below in this Section 3.1:

(a) $1,620,000 payable in installments as set forth below:

1. $150,000 on or before March 31, 2017; and

2. $250,000 on or before the last business day of each subsequent calendar quarter (the first such payment due on or before June 30, 2017), until the balance of the $1,620,000 is paid in full.

3. If Licensee makes a lump-sum payment of $1,500,000 on or before April 1st, 2017, the amount payable in this Section 3.1(a) will be deemed satisfied and no further monies will be due under this Section 3.1(a).

(b) $3,000,000 payable in installments as set forth below:

1. $250,000 within three Business Days of Licensee's receipt of payment for achievement of "Proof of Efficacy" as agreed to by DoD and DTRA and defined under Milestone 5 ("MS 5") under PROJECT AGREEMENT NO.: 01 signed on September 30, 2016 between Advanced Technology International and Nanotherapeutics, Inc.

2. $250,000 on or before the last business day of each subsequent calendar month until the balance of the $3,000,000 is paid in full.

(c) Quarterly Royalty Payments of 15% of Net Sales of XOMA Derived Products.

3. In the event that Nano fails to make any of the payments set forth in the amended and restated Section 3.1 of the License Agreement on or before the due dates set forth above, the license granted under the License Agreement shall immediately terminate on the due date, and Nano shall return all Optioned Assets and related materials to XOMA within [*].

4. XOMA rescinds the cease and desist demand outlined in its January 4th, 2017 letter to Nano.

5. XOMA will provide the Bot Antibody materials requested by Nano as soon as practicable, and will continue to support the Bot Antibody development so long as Nano continues to make License Fee payments as they come due.

6. Except as set forth in this First Amendment, the terms and condition of the APA and the License Agreement shall remain in full force and effect.

NANOTHERAPEUTICS, INC
By: /s/ Prasad Raje
Name: Prasad Raje
Title: President & CEO

XOMA CORPORATION
By: /s/ Jim Neal
Name: Jim Neal
Title: Chief Executive Officer

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

Exhibit 10.7

OFFICER EMPLOYMENT AGREEMENT

This Officer Employment Agreement ("Agreement") between James R. Neal ("Employee") and XOMA Corporation ("XOMA") (collectively, the "Parties") is effective as of August 7, 2017 (the "Agreement Effective Date").

1. Employment. Employee's employment with XOMA in the position of Chief Executive Officer ("CEO") shall commence on the Agreement Effective Date. Employee's employment with XOMA will be governed by the terms set forth in this Agreement.

2. Position and Responsibilities. Employee shall devote reasonable best efforts and substantially all of Employee's time and attention to employment with XOMA. Employee shall perform those duties and responsibilities as may be directed by XOMA's Board of Directors (the "Board"), to whom Employee will report. While employed by XOMA, Employee may not accept consulting or other business or non-profit opportunities without first obtaining written approval from the Chair of the Board. In addition, while employed by XOMA, except on behalf of XOMA, Employee will not directly or indirectly serve as an officer, director, stockholder, employee, partner, proprietor, investor, joint venturer, associate, representative or consultant of any other person, corporation, firm, partnership or other entity whatsoever known by Employee to compete with XOMA (or that is planning or preparing to compete with XOMA), anywhere in the world, in any line of business engaged in (or planned to be engaged in) by XOMA; *provided*, *however*, that Employee may purchase or otherwise acquire up to (but not more than) five percent (5%) of any class of securities of any enterprise (but without participating in the activities of such enterprise) if such securities are listed on any national or regional securities exchange

3. Term of Employment. The term of Employee's employment with XOMA shall be the period from the Agreement Effective Date until Employee's employment is terminated pursuant to Section 7. Consistent with XOMA policy, Employee's employment relationship with XOMA is at-will. Accordingly, Employee may resign Employee's employment with XOMA at any time and for any reason whatsoever simply by notifying XOMA; and XOMA may terminate Employee's employment at any time, with or without Cause (as defined in Section 7(d)) or advance notice, subject to the provisions of Sections 7 and 8.

4. Compensation and Reimbursement of Expenses.

(a) Compensation. Employee will receive for services to be rendered hereunder base salary paid at the rate of $470,000 per year, less applicable payroll deductions and withholdings (the "Base Salary"), paid on XOMA's ordinary payroll cycle. In addition, Employee shall be eligible to participate in XOMA's Corporate Achievement Goals plan (" CAGs"), as it may be amended from time to time in accordance with its terms, at a target rate to be determined from time to time by the Board.

(b) Equity Awards. Employee has already been granted Stock Awards, which will continue to be governed by the terms of the applicable stock option and equity incentive award plans or agreements and grant notices. For purposes of this Agreement,

"Stock Awards" shall mean all stock options, restricted stock and restricted stock units and such other awards granted pursuant to XOMA's stock option and equity incentive award plans or agreements and any shares of stock issued upon exercise thereof.

(c) Reimbursement of Expenses. XOMA shall reimburse Employee for all reasonable travel and other expenses incurred in performing Employee's obligations under this Agreement in a manner consistent with XOMA policies.

5. Participation in Benefit Plans. The payments provided in Section 4 are in addition to benefits Employee is entitled to under any employee benefit plan of XOMA for which Employee is or becomes eligible.

6. Compliance with Proprietary Information Agreement and XOMA Policies. As a condition of employment with XOMA, Employee must sign and comply with the Employee Confidential Information and Inventions Assignment Agreement attached hereto as Exhibit A (the "Confidentiality Agreement"), which prohibits unauthorized use or disclosure of XOMA proprietary information, among other obligations. In addition, Employee is required to abide by XOMA's policies and procedures (including but not limited to XOMA's Employee Handbook), as adopted or modified from time to time within XOMA's discretion; *provided*, *however*, that in the event the terms of this Agreement differ from or are in conflict with XOMA's general employment policies or practices, this Agreement shall control.

7. Termination of Employment.

(a) Termination by Employee. As provided in Section 3, Employee may resign Employee's employment with XOMA at any time and for any reason. Employee will not be entitled to any of the severance benefits set forth in Section 8 if Employee resigns, unless such resignation is for Good Reason. For purposes of this Agreement, Executive shall have "Good Reason" for resignation from employment with XOMA if any of the following actions are taken by XOMA without Employee's prior written consent: (i) a material reduction in Employee's Base Salary, unless pursuant to a salary reduction program applicable generally to XOMA's senior employees; (ii) a material reduction in Employee's duties (including responsibilities and/or authorities), *provided*, *however*, that a change in job position (including a change in title) shall not be deemed a "material reduction" in and of itself unless Employee's new duties are materially reduced from the prior duties; (iii) relocation of Employee's principal place of employment to a place that increases Employee's one-way commute by more than thirty (30) miles as compared to Employee's then-current principal place of employment immediately prior to such relocation, or (iv) any other material breach of this Agreement, including, but not limited to, a breach of Section 12 of this Agreement. In order for Employee to resign for Good Reason, each of the following requirements must be met: (A) Employee must provide written notice to the Board within ninety (90) days after the first occurrence of the event giving rise to Good Reason setting forth the basis for Employee's resignation, (B) Employee must allow XOMA at least sixty (60) days from receipt of such written notice to cure such event, (C) such event is not reasonably cured by XOMA within such sixty (60) day period (the "Cure Period"), and (D) Employee must resign from all positions Employee then holds with XOMA not later than one hundred eighty (180) days following the first occurrence of the event giving rise to Good Reason. If Employee resigns for Good Reason, Employee shall be entitled to the severance benefits set forth in Section 8.

(b) Termination by XOMA Without Cause. Employee may be terminated by XOMA without Cause, but in such case, Employee shall be entitled to the severance benefits set forth in Section 8.

(c) Termination Upon Death or Permanent Disability. Except as required by law and as provided in Section 8, all benefits and other rights of Employee under this Agreement shall be terminated by Employee's death or Permanent Disability. For purposes of this Agreement, "Permanent Disability" is defined as Employee being incapable of performing duties to XOMA by reason of any medically determined physical or mental impairment that can be expected to last for a period of more than six (6) consecutive months from the first date of Employee's absence due to the disability. XOMA will give Employee at least four (4) weeks written notice of termination due to such disability.

(d) Termination by XOMA for Cause. XOMA may terminate Employee's employment for Cause, in which case, Employee will not be entitled to any severance benefits under Section 8. For purposes of this Agreement, XOMA will have Cause to terminate Employee's employment as the result of:

(i) willful material fraud or material dishonesty in connection with Employee's performance under this Agreement;

(ii) failure by Employee to materially perform the duties of CEO;

(iii) material breach of this Agreement or of XOMA's Code of Ethics;

(iv) misappropriation of a material business opportunity of XOMA;

(v) misappropriation of any XOMA funds or property; or

(vi) conviction of, or the entering of a plea of guilty or no contest with respect to, a felony.

(e) Notice and Opportunity to Cure. It shall be a condition precedent to XOMA's right to terminate Employee's employment for the reasons set forth in Sections 7(d)(ii) or (iii) of this Agreement that (i) XOMA shall first have given Employee written notice stating with specificity the reason for the termination ("Breach") and (ii) if such Breach is capable of cure or remedy, Employee will have a period of thirty (30) days after the notice is given to remedy the Breach.

(f) Resignation from the Board. Upon termination of employment for any reason, and as a precondition to Employee's receipt of the severance benefits set forth in Section 8, Employee shall resign from any and all positions Employee holds with the Board, to be effective no later than the date of Employee's employment termination (or such other date requested or permitted by the Board).

(g) Return of XOMA Property. Upon termination of employment for any reason, and as a precondition to Employee's receipt of the severance benefits set forth in Section 8, Employee shall immediately return to XOMA all documents, telephones, computers, keys, credit cards, other property and records of XOMA, and all copies, within Employee's possession, custody or control.

(h) Release of Claims. As a condition of entering into this Agreement and receiving the severance benefits set forth in Section 8, Employee shall execute and deliver to XOMA a release of claims in favor of XOMA substantially in the form attached hereto as Exhibit B (the "Release Agreement") within the timeframe set forth in the Release Agreement, but not later than forty-five (45) days following Employee's employment termination date, and allow the Release Agreement to become effective according to its terms (by not invoking any legal right to revoke it) within any applicable time period set forth in the Release Agreement.

8. Severance Benefits. Subject to Sections 7(f), 7(g) and 7(h) and Employee's continued compliance with the terms of this Agreement, the following provisions of this Section 8 shall apply upon the occurrence of an event of termination of Employee's employment with XOMA as provided in Section 7(a) for Good Reason, Section 7(b), or Section 7(c) due to death or Permanent Disability.

(a) Cash Severance. XOMA shall pay Employee, or in the event of Employee's death or Permanent Disability, Employee's beneficiaries, as severance pay or liquidated damages, or both: (i) one (1) times Employee's Base Salary in effect as of Employee's employment termination date; and (ii) a prorated portion of Employee's target CAGs bonus for the fiscal quarter in which the termination occurs, calculated by multiplying the quarterly target CAGs bonus by a fraction, the numerator of which shall be the number of months (including a portion of a month) of the fiscal quarter during which Employee was employed prior to the occurrence of the termination, and the denominator of which shall be three (3). In addition, if Employee is terminated without Cause after the completion of any fiscal quarter for which Employee was eligible to receive a bonus payment under CAGs, but before such CAGs payment is made, Employee shall be entitled to receive a bonus payment for such quarter consistent with Employee's performance against CAGs objectives and the good faith determination by the Board that CAGs bonuses are payable for such quarter. Such payments shall be in lieu of any other severance payment to which Employee shall be entitled as a result of such termination under this Agreement, any other employment agreement with XOMA or any of its affiliates, or XOMA's or any of its affiliates' then existing severance plans and policies. However, in those circumstances where the provisions of the Parties' Amended and Restated Change of Control Severance Agreement, effective as of August 7, 2017 (the "CoC Agreement") apply, the provisions of the CoC Agreement providing for severance benefits to Employee as a result of such termination shall apply in lieu of the provisions of this Agreement. The severance payment described in Section 8(a)(i) shall be paid in monthly installments over twelve (12) months, with the first two (2) of such monthly installments being paid in a lump sum sixty (60) days after Employee's employment termination date, and the remaining installments being paid monthly thereafter until fully paid. The severance payments described in Section 8(a)(ii) shall be paid in a lump sum sixty (60) days after Employee's employment termination date.

(b) Group Health Coverage and Certain Other Benefits. For a period of twelve (12) months following an event of termination under Section 7(a) for Good Reason only or under Section 7(b) (the "COBRA Premium Period"), XOMA shall pay the full cost of COBRA continuation coverage (the "COBRA Premiums") of Employee and Employee's spouse and eligible dependents (collectively "Covered Persons"), *provided*, *however*, that (A) each Covered Person constitutes a qualified beneficiary, as defined in Section 4980B(g)(1) of the Internal Revenue Code of 1986, as amended ("Code"); and (B) Employee elects continuation coverage within the prescribed time period under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"). The payments by XOMA for such group health coverage shall cease prior to the expiration of the twelve (12)-month period in this Section 8(b), upon commencement of substantially similar coverage for all Covered Persons as a result of the employment of Employ ee by another employer, or when Employee ceases to be eligible for COBRA continuation coverage for any reason, including plan termination. Notwithstanding the foregoing, if XOMA determines, in its sole discretion, that it cannot pay the COBRA Premiums without potentially incurring financial costs or penalties under applicable law (including, without limitation, Section 2716 of the Public Health Service Act), regardless of whether Covered Persons elect or are eligible for COBRA coverage, XOMA instead shall pay to Employee, on the first day of each calendar month following Employee's employment termination date, a fully taxable cash payment equal to the applicable COBRA premiums for that month (including the amount of COBRA premiums for all Covered Persons), less required payroll deductions and withholdings (such amount, the "Special Cash Payment"), for the remainder of the COBRA Premium Period. Employee may, but is not obligated to, use such Special Cash Payments toward the cost of COBRA premiums.

(c) Outplacement Program. Upon the occurrence of an event of termination under Section 7(a) for Good Reason only or under Section 7(b), Employee will be entitled to participate in a twelve (12)-month executive outplacement program provided by an executive outplacement service selected by XOMA, at XOMA's expense not to exceed $15,000 and paid directly to the outplacement service (the "Outplacement Services"). The Outplacement Services will commence after the Effective Date of the Release Agreement (as defined therein).

(d) Section 409A of the Code. If Employee is deemed on the date of "separation from service" (under Treas. Reg. Section 1.409A-1(h)) to be a "specified employee" (under Treas. Reg. Section 1.409A-1(i)), then with regard to any payment or benefit that is considered deferred compensation under Section 409A of the Code payable on account of a "separation from service" that is required to be delayed under Section 409A(a)(2)(B) of the Code (after taking into account any applicable exceptions to such requirement), such payment or benefit shall be made or provided on the earlier of (i) the expiration of the six (6)-month period measured from the date of Employee's "separation from service," or (ii) the date of Employee's death ("Delay Period"). Upon expiration of the Delay Period, all payments and benefits delayed under this Section 8(d) shall be paid or reimbursed to Employee in a lump sum and any remaining payments and benefits due under this Agreement shall be paid or provided on the payment dates specified. For purposes of any provision of this Agreement providing for the payment of any amounts

or benefits upon or following a termination of employment, references to Employee's "termination of employment" (and corollary terms) shall be construed to refer to Employee's "separation from service" (under Treas. Reg. Section 1.409A-1(h)).

9. Binding Agreement. This Agreement shall be binding upon, and inure to the benefit of, the Parties and their respective permitted successors and assigns.

10. Compliance with Section 409A of the Code.

(a) It is intended that this Agreement will comply with Section 409A of the Code and its regulations and guidelines (collectively, "Section 409A"), to the extent the Agreement is subject to Section 409A, and the Agreement shall be interpreted on a basis consistent with such intent. If an amendment of the Agreement is necessary in order for it to comply with Section 409A, the Parties will negotiate in good faith to amend the Agreement in a manner that preserves the original intent of the Parties to the extent reasonably possible. No action or failure to act under this Section 10 shall subject XOMA to any claim, liability, or expense, and XOMA shall not have any obligation to indemnify or otherwise protect Employee from the obligation to pay any taxes, interest or penalties under Section 409A.

(b) With respect to any reimbursement or in-kind benefit arrangements of XOMA and its subsidiaries that constitute deferred compensation for purposes of Section 409A, except as otherwise permitted by Section 409A, the following conditions shall be applicable: (A) the amount eligible for reimbursement, or in-kind benefits provided, under any such arrangement in one calendar year may not affect the amount eligible for reimbursement, or in-kind benefits to be provided, under such arrangement in any other calendar year (except that the benefit plans may impose a limit on the amount that may be reimbursed or paid), (B) any reimbursement must be made on or before the last day of the calendar year following the calendar year in which the expense was incurred, and (C) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit. Whenever payments under this Agreement are to be made in installments, each such installment shall be deemed to be a separate payment for purposes of Section 409A.

11. Notices. Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given upon actual confirmed receipt by mail, courier or email. In the case of Employee, mailed notices shall be addressed to Employee at the home or personal email address that Employee most recently communicated to XOMA in writing. In the case of XOMA, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Secretary.

12. Successors.

(a) XOMA's Successors. Any successor to XOMA (direct or indirect, by purchase, lease, merger, amalgamation, consolidation, liquidation or otherwise) to all or substantially all of XOMA's business or assets shall assume XOMA's obligations under this Agreement and agree expressly to perform XOMA's obligations under this

Agreement in the same manner and to the same extent as XOMA would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term "XOMA" shall include any successor to XOMA's business or assets which executes and delivers the assumption agreement described in this Section 12(a) or which becomes bound by the terms of this Agreement by operation of law.

(b) Employee's Successors. Without the written consent of XOMA, Employee shall not assign or transfer this Agreement or any right or obligation under this Agreement to any other person or entity. However, except as otherwise set forth herein, the terms of this Agreement and all rights of Employee shall inure to the benefit of, and be enforceable by, Employee's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

13. Amendment of Agreement. Changes in Employee's employment terms, other than those changes expressly reserved to XOMA's or the Board's discretion in this Agreement, require a written modification approved by XOMA and signed by Employee and a duly authorized officer of XOMA other than Employee.

14. Waiver. Any party's failure to enforce any provision or provisions of the Agreement will not in any way be construed as a waiver of any such provision or provisions, nor prevent any party from thereafter enforcing each and every other provision of the Agreement. The rights granted to the Parties herein are cumulative and will not constitute a waiver of any party's right to assert all other legal remedies available to it under the circumstances.

15. Severability. In the event any provision of this Agreement is determined to be invalid or unenforceable, in whole or in part, this determination shall not affect any remaining part of such provision or any other provision of this Agreement and the provision in question shall be modified so as to be rendered enforceable in a manner consistent with the intent of the Parties insofar as possible under applicable law.

16. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California without regard to conflicts of law principles. Employee expressly consents to personal jurisdiction and venue in the state and federal courts for Alameda County, California for any lawsuit filed there against Employee by XOMA arising from or related to this Agreement.

17. Fees and Costs. The Parties shall each bear their own costs, expert fees, attorneys' fees and other fees incurred in connection with this Agreement.

18. Counterparts. This Agreement may be executed in counterparts which shall be deemed to be part of one original, and facsimile and electronic signatures shall be equivalent to original signatures.

19. Complete Agreement. This Agreement, together with Employee's Confidentiality Agreement and the CoC Agreement, forms the complete and exclusive embodiment of the entire agreement between the Parties with regard to this subject matter, and supersedes and replaces any other agreements or promises made to Employee by anyone, whether oral or written.

COMPANY:

XOMA CORPORATION

By: _____

Jack L. Wyszomierski
Director and Chairman of the
Compensation Committee

EMPLOYEE:

_____

James R. Neal

EXHIBIT A

EMPLOYEE CONFIDENTIAL INFORMATION AND INVENTIONS ASSIGNMENT AGREEMENT

EXHIBIT B

FORM RELEASE OF CLAIMS AGREEMENT

This Release of Claims Agreement ("Release Agreement") is entered into between XOMA Corporation ("XOMA") and James R. Neal ("Employee"). XOMA and Employee (collectively, the "Parties") are parties to an Amended and Restated Officer Employment Agreement effective August 7, 2017 ("Employment Agreement") and agree as follows:

1. Termination. Employee's employment with XOMA terminated on _____, 20__.

2. Release of Claims. In exchange for the compensation, benefits and other consideration to be provided to Employee under the Employment Agreement that Employee is not otherwise entitled to receive, Employee hereby generally and completely releases XOMA and XOMA (US) LLC, and their past and present officers, agents, directors, employees, investors, shareholders, administrators, partners, attorneys, agents, insurers, affiliates, divisions, subsidiaries, parents, predecessor and successor corporations, and assigns (collectively, the "Released Parties"), from, and agrees not to sue or otherwise institute any legal or administrative proceedings concerning, any and all claims, duties, liabilities, obligations and causes of action, both known and unknown, that arise out of or are in any way related to events, acts, conduct or omissions occurring prior to or on the date Employee signs this Release Agreement (collectively, the "Released Claims").

The Released Claims include but are not limited to:

(a) all claims arising out of or in any way related to Employee's employment with XOMA or the termination of that employment;

(b) all claims related to compensation or benefits from XOMA, including salary, bonuses, commissions, vacation, paid time off, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership, equity or profits interests in XOMA (including but not limited to any right to purchase, or actual purchase, of shares of stock of XOMA);

(c) all claims for breach of contract, wrongful termination and breach of the implied covenant of good faith and fair dealing;

(d) all tort claims, including claims for fraud, defamation, emotional distress and discharge in violation of public policy;

(e) all federal, state and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys' fees or other claims arising under the Federal Civil Rights Act of 1964, the federal Civil Rights Act of 1991, the federal Age Discrimination in Employment Act of 1967 (the "ADEA"), the federal Americans with Disabilities Act of 1990, the federal Fair Labor Standards Act, the federal the Employee Retirement Income Security Act of 1974, the federal Worker Adjustment and Retraining Notification Act, the California Fair Employment and Housing Act and the California Labor Code, and all amendments to and regulations issued under each such statute;

(f) all claims for violation of the federal or any state constitution;

(g) all claims arising out of any other laws and regulations relating to employment or employment discrimination; and

(h) all claims for attorneys' fees and costs.

3. Acknowledgment of Waiver of Claims under ADEA. Employee acknowledges that Employee is knowingly and voluntarily waiving and releasing any rights Employee may have under the ADEA, and that the consideration given for the waiver and release in this Section 3 is in addition to anything of value to which Employee is already entitled. Employee further acknowledges that Employee has been advised, as required by the ADEA, that: (a) Employee's waiver and release do not apply to any rights or claims that may arise after the date Employee signs this Release Agreement; (b) Employee should consult with an attorney prior to signing this Release Agreement (although Employee may choose voluntarily not to do so); (c) Employee has twenty-one (21) days to consider this Release Agreement (although Employee may choose voluntarily to sign it earlier); (d) Employee has seven (7) days following the date Employee signs this Release Agreement to revoke the Release Agreement (by providing written notice of Employee's revocation to the Legal Department at XOMA); and (e) this Release Agreement will not be effective until the date upon which the revocation period has expired, which will be the eighth (8th) day after the date that this Release Agreement is signed by Employee provided that Employee does not revoke it (the "Effective Date").

4. Waiver of Unknown Claims. In giving the releases set forth in this Release Agreement, which include claims which may be unknown to Employee at present, Employee acknowledges that Employee has read and understands Section 1542 of the California Civil Code which reads as follows:

> **A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.**

Employee hereby expressly waives and relinquishes all rights and benefits under that section and any law or legal principle of similar effect in any jurisdiction with respect to Employee's release of claims herein, including but not limited to the release of unknown and unsuspected claims.

5. Excluded Claims. Notwithstanding the foregoing, the following are not included in the Released Claims (the "Excluded Claims"): (a) any rights or claims for indemnification Employee may have pursuant to any written indemnification agreement with XOMA to which Employee is a party or under applicable law; (b) any rights which cannot be waived as a matter of law; (c) any rights Employee has to file or pursue a claim for workers' compensation or unemployment insurance; and (d) any claims for breach of the Employment Agreement or this Release Agreement. **In addition, nothing in this Release Agreement prevents Employee from filing, cooperating with or participating in any proceedings before the Equal**

Employment Opportunity Commission, the Department of Labor, the California Department of Fair Employment and Housing or any analogous federal or state government agency, except that Employee acknowledges and agrees that Employee hereby waives Employee's right to any monetary benefits in connection with any such claim, charge or proceeding. Employee represents and warrants that, other than the Excluded Claims, Employee is not aware of any claims Employee has or might have against any of the Released Parties that are not included in the Released Claims.

6. Representations. Employee represents that Employee has been paid all compensation owed and for all time worked; Employee has received all the leave and leave benefits and protections for which Employee is eligible pursuant to the federal Family and Medical Leave Act, the California Family Rights Act, any applicable law or XOMA policy; and Employee has not suffered any on the job injury for which Employee has not already filed a workers' compensation claim.

7. Confidentiality. The provisions of this Release Agreement shall be held in strictest confidence by Employee and shall not be publicized or disclosed in any manner whatsoever; *provided*, *however*, that: (a) Employee may disclose this Release Agreement in confidence to Employee's immediate family; (b) Employee may disclose this Release Agreement in confidence to Employee's attorneys, accountants, auditors, tax preparers and financial advisors; and (c) Employee may disclose this Release Agreement insofar as such disclosure may be necessary to enforce its terms or as otherwise required by law. In particular, and without limitation, Employee agrees not to disclose the terms of this Release Agreement to any current or former employee, consultant or independent contractor of XOMA.

8. Nondisparagement. Employee agrees not to disparage XOMA, and XOMA's officers, directors, employees, shareholder, members and agents, in any manner likely to be harmful to them or their business, business reputation or personal reputation. Similarly, Employee understands that XOMA agrees to direct its directors and officers not to disparage Employee in any manner likely to be harmful to Employee's business reputation or personal reputation. Nothing in this provision, however, shall prevent either Employee or XOMA from responding accurately and fully to any request for information if required by legal process or in connection with a government investigation. In addition, nothing in this provision or this Release Agreement is intended to prohibit or restrain Employee in any manner from making disclosures that are protected under the whistleblower provisions of federal law or regulation or under other applicable law or regulation.

9. No Voluntary Adverse Action. Employee agrees that Employee will not voluntarily provide assistance, information or advice, directly or indirectly (including through agents or attorneys), to any person or entity in connection with any proposed or pending litigation, arbitration, administrative claim, cause of action, or other formal proceeding of any kind brought against XOMA, its parent or subsidiary entities, affiliates, officers, directors, employees or agents, nor shall Employee induce or encourage any person or entity to bring any such claims; *provided*, *however*, that Employee must respond accurately and truthfully to any question, inquiry or request for information when required by legal process (e.g., a valid subpoena or other similar compulsion of law) or as part of a government investigation.

10. Return of XOMA Property; Compliance with Proprietary Information Agreement. Employee represents that Employee has complied fully with Section 7(g) of the Employment Agreement and the provisions of Employee's Employee Confidential Information and Invention Assignment Agreement with XOMA (the "Confidentiality Agreement"), and further agrees to continue to abide by Employee's continuing obligations under the Confidentiality Agreement.

11. Fees and Costs. The Parties shall each bear their own costs, expert fees, attorneys' fees and other fees incurred in connection with this Release Agreement.

12. No Representations. Employee represents that Employee has had the opportunity to consult with an attorney, and has carefully read and understands the scope and effect of the provisions of this Release Agreement. Neither Party has relied upon any representations or statements made by the other Party which are not specifically set forth in this Release Agreement.

13. Severability. In the event any provision of this Release Agreement is determined to be invalid or unenforceable, in whole or in part, this determination shall not affect any remaining part of such provision or any other provision of this Release Agreement and the provision in question shall be modified so as to be rendered enforceable in a manner consistent with the intent of the Parties insofar as possible under applicable law.

14. Entire Agreement. This Release Agreement, together with the Employment Agreement, forms the complete and exclusive embodiment of the entire agreement between the Parties with regard to this subject matter. This Release Agreement may only be modified or amended in a writing signed by Employee and a duly authorized officer of XOMA other than Employee.

15. Governing Law. This Release Agreement shall be construed and enforced in accordance with the laws of the State of California without regard to conflicts of law principles. Employee expressly consents to personal jurisdiction and venue in the state and federal courts for Alameda County, California for any lawsuit filed there against Employee by XOMA arising from or related to this Release Agreement.

16. Counterparts. This Release Agreement may be executed in counterparts which shall be deemed to be part of one original, and facsimile and electronic signatures shall be equivalent to original signatures.

COMPANY:

XOMA CORPORATION

By: /s/ Jack L. Wyszomierski
Jack L. Wyszomierski
Director and Chairman of the
Compensation Committee

EMPLOYEE:

/s/ James R. Neal
James R. Neal

OFFICER EMPLOYMENT AGREEMENT

This Officer Employment Agreement ("Agreement") between Thomas Burns ("Employee") and XOMA Corporation ("XOMA") (collectively, the "Parties") is effective as of August 7, 2017 (the "Agreement Effective Date").

1. Employment. Employee's employment with XOMA in the position of Chief Financial Officer shall commence on the Agreement Effective Date. Employee's employment with XOMA will be governed by the terms set forth in this Agreement.

2. Position and Responsibilities. Employee shall devote reasonable best efforts and substantially all of Employee's time and attention to employment with XOMA. Employee shall perform those duties and responsibilities as may be directed by James R. Neal ("Mr. Neal"), to whom Employee will report. While employed by XOMA, Employee may not accept consulting or other business or non-profit opportunities without first obtaining written approval from Mr. Neal. In addition, while employed by XOMA, except on behalf of XOMA, Employee will not directly or indirectly serve as an officer, director, stockholder, employee, partner, proprietor, investor, joint venturer, associate, representative or consultant of any other person, corporation, firm, partnership or other entity whatsoever known by Employee to compete with XOMA (or that is planning or preparing to compete with XOMA), anywhere in the world, in any line of business engaged in (or planned to be engaged in) by XOMA; *provided*, *however*, that Employee may purchase or otherwise acquire up to (but not more than) five percent (5%) of any class of securities of any enterprise (but without participating in the activities of such enterprise) if such securities are listed on any national or regional securities exchange

3. Term of Employment. The term of Employee's employment with XOMA shall be the period from the Agreement Effective Date until Employee's employment is terminated pursuant to Section 7. Consistent with XOMA policy, Employee's employment relationship with XOMA is at-will. Accordingly, Employee may resign Employee's employment with XOMA at any time and for any reason whatsoever simply by notifying XOMA; and XOMA may terminate Employee's employment at any time, with or without Cause (as defined in Section 7(d)) or advance notice, subject to the provisions of Sections 7 and 8.

4. Compensation and Reimbursement of Expenses.

(a) Compensation. Employee will receive for services to be rendered hereunder base salary paid at the rate of $350,000 per year, less applicable payroll deductions and withholdings (the "Base Salary"), paid on XOMA's ordinary payroll cycle. In addition, Employee shall be eligible to participate in XOMA's Corporate Achievement Goals plan (" CAGs"), as it may be amended from time to time in accordance with its terms, at a target rate to be determined from time to time by the Board.

(b) Equity Awards . Employee has already been granted Stock Awards, which will continue to be governed by the terms of the applicable stock option and equity incentive award plans or agreements and grant notices. For purposes of this Agreement, "Stock Awards " shall mean all stock options, restricted stock and restricted stock units and such other awards granted pursuant to XOMA's stock option and equity incentive award plans or agreements and any shares of stock issued upon exercise thereof.

(c) Reimbursement of Expenses. XOMA shall reimburse Employee for all reasonable travel and other expenses incurred in performing Employee's obligations under this Agreement in a manner consistent with XOMA policies.

5. Participation in Benefit Plans. The payments provided in Section 4 are in addition to benefits Employee is entitled to under any employee benefit plan of XOMA for which Employee is or becomes eligible.

6. Compliance with Proprietary Information Agreement and XOMA Policies. As a condition of employment with XOMA, Employee must sign and comply with the Employee Confidential Information and Inventions Assignment Agreement attached hereto as Exhibit A (the "Confidentiality Agreement"), which prohibits unauthorized use or disclosure of XOMA proprietary information, among other obligations. In addition, Employee is required to abide by XOMA's policies and procedures (including but not limited to XOMA's Employee Handbook), as adopted or modified from time to time within XOMA's discretion; *provided*, *however*, that in the event the terms of this Agreement differ from or are in conflict with XOMA's general employment policies or practices, this Agreement shall control.

7. Termination of Employment.

(a) Termination by Employee. As provided in Section 3, Employee may resign Employee's employment with XOMA at any time and for any reason. Employee will not be entitled to any of the severance benefits set forth in Section 8 if Employee resigns, unless such resignation is for Good Reason. For purposes of this Agreement, Executive shall have "Good Reason" for resignation from employment with XOMA if any of the following actions are taken by XOMA without Employee's prior written consent: (i) a material reduction in Employee's Base Salary, unless pursuant to a salary reduction program applicable generally to XOMA's senior employees; (ii) a material reduction in Employee's duties (including responsibilities and/or authorities), *provided*, *however*, that a change in job position (including a change in title) shall not be deemed a "material reduction" in and of itself unless Employee's new duties are materially reduced from the prior duties; (iii) relocation of Employee's principal place of employment to a place that increases Employee's one-way commute by more than thirty (30) miles as compared to Employee's then-current principal place of employment immediately prior to such relocation, or (iv) any other material breach of this Agreement, including, but not limited to, a breach of Section 12 of this Agreement. In order for Employee to resign for Good Reason, each of the following requirements must be met: (A) Employee must provide written notice to the Board within ninety (90) days after the first occurrence of the event giving rise to Good Reason setting forth the basis for Employee's resignation, (B) Employee must allow XOMA at least sixty (60) days from receipt of such written notice to cure such event, (C) such event is not reasonably cured by XOMA within such sixty (60) day period (the "Cure Period"), and (D) Employee must resign from all positions Employee then holds with XOMA not later than one hundred eighty (180) days following the first occurrence of the event giving rise to Good Reason. If Employee resigns for Good Reason, Employee shall be entitled to the severance benefits set forth in Section 8.

(b) Termination by XOMA Without Cause. Employee may be terminated by XOMA without Cause, but in such case, Employee shall be entitled to the severance benefits set forth in Section 8.

(c) Termination Upon Death or Permanent Disability. Except as required by law and as provided in Section 8, all benefits and other rights of Employee under this Agreement shall be terminated by Employee's death or Permanent Disability. For purposes of this Agreement, "Permanent Disability" is defined as Employee being incapable of performing duties to XOMA by reason of any medically determined physical or mental impairment that can be expected to last for a period of more than six (6) consecutive months from the first date of Employee's absence due to the disability. XOMA will give Employee at least four (4) weeks written notice of termination due to such disability.

(d) Termination by XOMA for Cause. XOMA may terminate Employee's employment for Cause, in which case, Employee will not be entitled to any severance benefits under Section 8. For purposes of this Agreement, XOMA will have Cause to terminate Employee's employment as the result of:

(i) willful material fraud or material dishonesty in connection with Employee's performance under this Agreement;

(ii) failure by Employee to materially perform the duties of CFO;

(iii) material breach of this Agreement or of XOMA's Code of Ethics;

(iv) misappropriation of a material business opportunity of XOMA;

(v) misappropriation of any XOMA funds or property; or

(vi) conviction of, or the entering of a plea of guilty or no contest with respect to, a felony.

(e) Notice and Opportunity to Cure. It shall be a condition precedent to XOMA's right to terminate Employee's employment for the reasons set forth in Sections 7(d)(ii) or (iii) of this Agreement that (i) XOMA shall first have given Employee written notice stating with specificity the reason for the termination ("Breach") and (ii) if such Breach is capable of cure or remedy, Employee will have a period of thirty (30) days after the notice is given to remedy the Breach.

(f) Resignation from any XOMA Boards. Upon termination of employment for any reason, and as a precondition to Employee's receipt of the severance benefits set forth in Section 8, Employee shall resign from any and all positions Employee holds with any board of directors of XOMA subsidiaries, to be effective no later than the date of Employee's employment termination (or such other date requested or permitted by Mr. Neal).

(g) Return of XOMA Property. Upon termination of employment for any reason, and as a precondition to Employee's receipt of the severance benefits set forth in Section 8, Employee shall immediately return to XOMA all documents, telephones, computers, keys, credit cards, other property and records of XOMA, and all copies, within Employee's possession, custody or control.

(h) Release of Claims. As a condition of entering into this Agreement and receiving the severance benefits set forth in Section 8, Employee shall execute and deliver to XOMA a release of claims in favor of XOMA substantially in the form attached hereto as Exhibit B (the "Release Agreement") within the timeframe set forth in the Release Agreement, but not later than forty-five (45) days following Employee's employment termination date, and allow the Release Agreement to become effective according to its terms (by not invoking any legal right to revoke it) within any applicable time period set forth in the Release Agreement.

8. Severance Benefits. Subject to Sections 7(f), 7(g) and 7(h) and Employee's continued compliance with the terms of this Agreement, the following provisions of this Section 8 shall apply upon the occurrence of an event of termination of Employee's employment with XOMA as provided in Section 7(a) for Good Reason, Section 7(b), or Section 7(c) due to death or Permanent Disability.

(a) Cash Severance. XOMA shall pay Employee, or in the event of Employee's death or Permanent Disability, Employee's beneficiaries, as severance pay or liquidated damages, or both: (i) three quarters (.75) times Employee's Base Salary in effect as of Employee's employment termination date; and (ii) a prorated portion of Employee's target CAGs bonus for the fiscal quarter in which the termination occurs, calculated by multiplying the quarterly target CAGs bonus by a fraction, the numerator of which shall be the number of months (including a portion of a month) of the fiscal quarter during which Employee was employed prior to the occurrence of the termination, and the denominator of which shall be three (3). In addition, if Employee is terminated without Cause after the completion of any fiscal quarter for which Employee was eligible to receive a bonus payment under CAGs, but before such CAGs payment is made, Employee shall be entitled to receive a bonus payment for such quarter consistent with Employee's performance against CAGs objectives and the good faith determination by the Board that CAGs bonuses are payable for such quarter. Such payments shall be in lieu of any other severance payment to which Employee shall be entitled as a result of such termination under this Agreement, any other employment agreement with XOMA or any of its affiliates, or XOMA's or any of its affiliates' then existing severance plans and policies. However, in those circumstances where the provisions of the Parties' Amended and Restated Change of Control Severance Agreement, effective as of August 7, 2017 (the "CoC Agreement") apply, the provisions of the CoC Agreement providing for severance benefits to Employee as a result of such termination shall apply in lieu of the provisions of this Agreement. The severance payment described in Section 8(a)(i) shall be paid in monthly installments over twelve (12) months, with the first two (2) of such monthly installments being paid in a lump sum sixty (60) days after Employee's employment termination date, and the remaining installments being paid monthly thereafter until fully paid. The severance payments described in Section 8(a)(ii) shall be paid in a lump sum sixty (60) days after Employee's employment termination date.

(b) Group Health Coverage and Certain Other Benefits. For a period of nine (9) months following an event of termination under Section 7(a) for Good Reason only or under Section 7(b) (the "COBRA Premium Period"), XOMA shall pay the full cost of COBRA continuation coverage (the "COBRA Premiums") of Employee and Employee's spouse and eligible dependents (collectively "Covered Persons"), *provided*, *however*, that (A) each Covered Person constitutes a qualified beneficiary, as defined in Section 4980B(g)(1) of the Internal Revenue Code of 1986, as amended ("Code"); and (B) Employee elects continuation coverage within the prescribed time period under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"). The payments by XOMA for such group health coverage shall cease prior to the expiration of the nine (9)-month period in this Section 8(b), upon commencement of substantially similar coverage for all Covered Persons as a result of the employment of Employ ee by another employer, or when Employee ceases to be eligible for COBRA continuation coverage for any reason, including plan termination. Notwithstanding the foregoing, if XOMA determines, in its sole discretion, that it cannot pay the COBRA Premiums without potentially incurring financial costs or penalties under applicable law (including, without limitation, Section 2716 of the Public Health Service Act), regardless of whether Covered Persons elect or are eligible for COBRA coverage, XOMA instead shall pay to Employee, on the first day of each calendar month following Employee's employment termination date, a fully taxable cash payment equal to the applicable COBRA premiums for that month (including the amount of COBRA premiums for all Covered Persons), less required payroll deductions and withholdings (such amount, the "Special Cash Payment"), for the remainder of the COBRA Premium Period. Employee may, but is not obligated to, use such Special Cash Payments toward the cost of COBRA premiums.

(c) Outplacement Program. Upon the occurrence of an event of termination under Section 7(a) for Good Reason only or under Section 7(b), Employee will be entitled to participate in a nine (9)-month executive outplacement program provided by an executive outplacement service selected by XOMA, at XOMA's expense not to exceed $15,000 and paid directly to the outplacement service (the "Outplacement Services"). The Outplacement Services will commence after the Effective Date of the Release Agreement (as defined therein).

(d) Section 409A of the Code. If Employee is deemed on the date of "separation from service" (under Treas. Reg. Section 1.409A-1(h)) to be a "specified employee" (under Treas. Reg. Section 1.409A-1(i)), then with regard to any payment or benefit that is considered deferred compensation under Section 409A of the Code payable on account of a "separation from service" that is required to be delayed under Section 409A(a)(2)(B) of the Code (after taking into account any applicable exceptions to such requirement), such payment or benefit shall be made or provided on the earlier of (i) the expiration of the six (6)-month period measured from the date of Employee's "separation from service," or (ii) the date of Employee's death ("Delay Period"). Upon expiration of the Delay Period, all payments and benefits delayed under this Section 8(d) shall be paid or reimbursed to Employee in a lump sum and any remaining payments and benefits due under this Agreement shall be paid or provided on the payment dates specified. For purposes of any provision of this Agreement providing for the payment of any amounts

or benefits upon or following a termination of employment, references to Employee's "termination of employment" (and corollary terms) shall be construed to refer to Employee's "separation from service" (under Treas. Reg. Section 1.409A-1(h)).

9. Binding Agreement. This Agreement shall be binding upon, and inure to the benefit of, the Parties and their respective permitted successors and assigns.

10. Compliance with Section 409A of the Code.

(a) It is intended that this Agreement will comply with Section 409A of the Code and its regulations and guidelines (collectively, "Section 409A"), to the extent the Agreement is subject to Section 409A, and the Agreement shall be interpreted on a basis consistent with such intent. If an amendment of the Agreement is necessary in order for it to comply with Section 409A, the Parties will negotiate in good faith to amend the Agreement in a manner that preserves the original intent of the Parties to the extent reasonably possible. No action or failure to act under this Section 10 shall subject XOMA to any claim, liability, or expense, and XOMA shall not have any obligation to indemnify or otherwise protect Employee from the obligation to pay any taxes, interest or penalties under Section 409A.

(b) With respect to any reimbursement or in-kind benefit arrangements of XOMA and its subsidiaries that constitute deferred compensation for purposes of Section 409A, except as otherwise permitted by Section 409A, the following conditions shall be applicable: (A) the amount eligible for reimbursement, or in-kind benefits provided, under any such arrangement in one calendar year may not affect the amount eligible for reimbursement, or in-kind benefits to be provided, under such arrangement in any other calendar year (except that the benefit plans may impose a limit on the amount that may be reimbursed or paid), (B) any reimbursement must be made on or before the last day of the calendar year following the calendar year in which the expense was incurred, and (C) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit. Whenever payments under this Agreement are to be made in installments, each such installment shall be deemed to be a separate payment for purposes of Section 409A.

11. Notices. Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given upon actual confirmed receipt by mail, courier or email. In the case of Employee, mailed notices shall be addressed to Employee at the home or personal email address that Employee most recently communicated to XOMA in writing. In the case of XOMA, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Secretary.

12. Successors.

(a) XOMA's Successors. Any successor to XOMA (direct or indirect, by purchase, lease, merger, amalgamation, consolidation, liquidation or otherwise) to all or substantially all of XOMA's business or assets shall assume XOMA's obligations under this Agreement and agree expressly to perform XOMA's obligations under this

Agreement in the same manner and to the same extent as XOMA would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term "XOMA" shall include any successor to XOMA's business or assets which executes and delivers the assumption agreement described in this Section 12(a) or which becomes bound by the terms of this Agreement by operation of law.

(b) Employee's Successors. Without the written consent of XOMA, Employee shall not assign or transfer this Agreement or any right or obligation under this Agreement to any other person or entity. However, except as otherwise set forth herein, the terms of this Agreement and all rights of Employee shall inure to the benefit of, and be enforceable by, Employee's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

13. Amendment of Agreement. Changes in Employee's employment terms, other than those changes expressly reserved to XOMA's or the Board's discretion in this Agreement, require a written modification approved by XOMA and signed by Employee and a duly authorized officer of XOMA other than Employee.

14. Waiver. Any party's failure to enforce any provision or provisions of the Agreement will not in any way be construed as a waiver of any such provision or provisions, nor prevent any party from thereafter enforcing each and every other provision of the Agreement. The rights granted to the Parties herein are cumulative and will not constitute a waiver of any party's right to assert all other legal remedies available to it under the circumstances.

15. Severability. In the event any provision of this Agreement is determined to be invalid or unenforceable, in whole or in part, this determination shall not affect any remaining part of such provision or any other provision of this Agreement and the provision in question shall be modified so as to be rendered enforceable in a manner consistent with the intent of the Parties insofar as possible under applicable law.

16. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California without regard to conflicts of law principles. Employee expressly consents to personal jurisdiction and venue in the state and federal courts for Alameda County, California for any lawsuit filed there against Employee by XOMA arising from or related to this Agreement.

17. Fees and Costs. The Parties shall each bear their own costs, expert fees, attorneys' fees and other fees incurred in connection with this Agreement.

18. Counterparts. This Agreement may be executed in counterparts which shall be deemed to be part of one original, and facsimile and electronic signatures shall be equivalent to original signatures.

19. Complete Agreement. This Agreement, together with Employee's Confidentiality Agreement and the CoC Agreement, forms the complete and exclusive embodiment of the entire agreement between the Parties with regard to this subject matter, and supersedes and replaces any other agreements or promises made to Employee by anyone, whether oral or written.

COMPANY: **XOMA CORPORATION**

By: **/s/** Jack L. Wyszomierski
Jack L. Wyszomierski
Director and Chairman of the
Compensation Committee

EMPLOYEE: /s/ Thomas Burns
Thomas Burns

EXHIBIT A

EMPLOYEE CONFIDENTIAL INFORMATION AND INVENTIONS ASSIGNMENT AGREEMENT

EXHIBIT B

FORM RELEASE OF CLAIMS AGREEMENT

This Release of Claims Agreement ("Release Agreement") is entered into between XOMA Corporation ("XOMA") and Thomas Burns ("Employee"). XOMA and Employee (collectively, the "Parties") are parties to an Amended and Restated Officer Employment Agreement effective August 7, 2017 ("Employment Agreement") and agree as follows:

1. Termination. Employee's employment with XOMA terminated on _____, 20__.

2. Release of Claims. In exchange for the compensation, benefits and other consideration to be provided to Employee under the Employment Agreement that Employee is not otherwise entitled to receive, Employee hereby generally and completely releases XOMA and XOMA (US) LLC, and their past and present officers, agents, directors, employees, investors, shareholders, administrators, partners, attorneys, agents, insurers, affiliates, divisions, subsidiaries, parents, predecessor and successor corporations, and assigns (collectively, the "Released Parties"), from, and agrees not to sue or otherwise institute any legal or administrative proceedings concerning, any and all claims, duties, liabilities, obligations and causes of action, both known and unknown, that arise out of or are in any way related to events, acts, conduct or omissions occurring prior to or on the date Employee signs this Release Agreement (collectively, the "Released Claims").

The Released Claims include but are not limited to:

(a) all claims arising out of or in any way related to Employee's employment with XOMA or the termination of that employment;

(b) all claims related to compensation or benefits from XOMA, including salary, bonuses, commissions, vacation, paid time off, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership, equity or profits interests in XOMA (including but not limited to any right to purchase, or actual purchase, of shares of stock of XOMA);

(c) all claims for breach of contract, wrongful termination and breach of the implied covenant of good faith and fair dealing;

(d) all tort claims, including claims for fraud, defamation, emotional distress and discharge in violation of public policy;

(e) all federal, state and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys' fees or other claims arising under the Federal Civil Rights Act of 1964, the federal Civil Rights Act of 1991, the federal Age Discrimination in Employment Act of 1967 (the "ADEA"), the federal Americans with Disabilities Act of 1990, the federal Fair Labor Standards Act, the federal the Employee Retirement Income Security Act of 1974, the federal Worker Adjustment and Retraining Notification Act, the California Fair Employment and Housing Act and the California Labor Code, and all amendments to and regulations issued under each such statute;

(f) all claims for violation of the federal or any state constitution;

(g) all claims arising out of any other laws and regulations relating to employment or employment discrimination; and

(h) all claims for attorneys' fees and costs.

3. Acknowledgment of Waiver of Claims under ADEA. Employee acknowledges that Employee is knowingly and voluntarily waiving and releasing any rights Employee may have under the ADEA, and that the consideration given for the waiver and release in this Section 3 is in addition to anything of value to which Employee is already entitled. Employee further acknowledges that Employee has been advised, as required by the ADEA, that: (a) Employee's waiver and release do not apply to any rights or claims that may arise after the date Employee signs this Release Agreement; (b) Employee should consult with an attorney prior to signing this Release Agreement (although Employee may choose voluntarily not to do so); (c) Employee has twenty-one (21) days to consider this Release Agreement (although Employee may choose voluntarily to sign it earlier); (d) Employee has seven (7) days following the date Employee signs this Release Agreement to revoke the Release Agreement (by providing written notice of Employee's revocation to the Legal Department at XOMA); and (e) this Release Agreement will not be effective until the date upon which the revocation period has expired, which will be the eighth (8th) day after the date that this Release Agreement is signed by Employee provided that Employee does not revoke it (the "Effective Date").

4. Waiver of Unknown Claims. In giving the releases set forth in this Release Agreement, which include claims which may be unknown to Employee at present, Employee acknowledges that Employee has read and understands Section 1542 of the California Civil Code which reads as follows:

> **A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.**

Employee hereby expressly waives and relinquishes all rights and benefits under that section and any law or legal principle of similar effect in any jurisdiction with respect to Employee's release of claims herein, including but not limited to the release of unknown and unsuspected claims.

5. Excluded Claims. Notwithstanding the foregoing, the following are not included in the Released Claims (the "Excluded Claims"): (a) any rights or claims for indemnification Employee may have pursuant to any written indemnification agreement with XOMA to which Employee is a party or under applicable law; (b) any rights which cannot be waived as a matter of law; (c) any rights Employee has to file or pursue a claim for workers' compensation or unemployment insurance; and (d) any claims for breach of the Employment Agreement or this Release Agreement. **In addition, nothing in this Release Agreement prevents Employee from filing, cooperating with or participating in any proceedings before the Equal**

Employment Opportunity Commission, the Department of Labor, the California Department of Fair Employment and Housing or any analogous federal or state government agency, except that Employee acknowledges and agrees that Employee hereby waives Employee's right to any monetary benefits in connection with any such claim, charge or proceeding. Employee represents and warrants that, other than the Excluded Claims, Employee is not aware of any claims Employee has or might have against any of the Released Parties that are not included in the Released Claims.

6. Representations. Employee represents that Employee has been paid all compensation owed and for all time worked; Employee has received all the leave and leave benefits and protections for which Employee is eligible pursuant to the federal Family and Medical Leave Act, the California Family Rights Act, any applicable law or XOMA policy; and Employee has not suffered any on the job injury for which Employee has not already filed a workers' compensation claim.

7. Confidentiality. The provisions of this Release Agreement shall be held in strictest confidence by Employee and shall not be publicized or disclosed in any manner whatsoever; *provided*, *however*, that: (a) Employee may disclose this Release Agreement in confidence to Employee's immediate family; (b) Employee may disclose this Release Agreement in confidence to Employee's attorneys, accountants, auditors, tax preparers and financial advisors; and (c) Employee may disclose this Release Agreement insofar as such disclosure may be necessary to enforce its terms or as otherwise required by law. In particular, and without limitation, Employee agrees not to disclose the terms of this Release Agreement to any current or former employee, consultant or independent contractor of XOMA.

8. Nondisparagement. Employee agrees not to disparage XOMA, and XOMA's officers, directors, employees, shareholder, members and agents, in any manner likely to be harmful to them or their business, business reputation or personal reputation. Similarly, Employee understands that XOMA agrees to direct its directors and officers not to disparage Employee in any manner likely to be harmful to Employee's business reputation or personal reputation. Nothing in this provision, however, shall prevent either Employee or XOMA from responding accurately and fully to any request for information if required by legal process or in connection with a government investigation. In addition, nothing in this provision or this Release Agreement is intended to prohibit or restrain Employee in any manner from making disclosures that are protected under the whistleblower provisions of federal law or regulation or under other applicable law or regulation.

9. No Voluntary Adverse Action. Employee agrees that Employee will not voluntarily provide assistance, information or advice, directly or indirectly (including through agents or attorneys), to any person or entity in connection with any proposed or pending litigation, arbitration, administrative claim, cause of action, or other formal proceeding of any kind brought against XOMA, its parent or subsidiary entities, affiliates, officers, directors, employees or agents, nor shall Employee induce or encourage any person or entity to bring any such claims; *provided*, *however*, that Employee must respond accurately and truthfully to any question, inquiry or request for information when required by legal process (e.g., a valid subpoena or other similar compulsion of law) or as part of a government investigation.

10. Return of XOMA Property; Compliance with Proprietary Information Agreement. Employee represents that Employee has complied fully with Section 7(g) of the Employment Agreement and the provisions of Employee's Employee Confidential Information and Invention Assignment Agreement with XOMA (the "Confidentiality Agreement"), and further agrees to continue to abide by Employee's continuing obligations under the Confidentiality Agreement.

11. Fees and Costs. The Parties shall each bear their own costs, expert fees, attorneys' fees and other fees incurred in connection with this Release Agreement.

12. No Representations. Employee represents that Employee has had the opportunity to consult with an attorney, and has carefully read and understands the scope and effect of the provisions of this Release Agreement. Neither Party has relied upon any representations or statements made by the other Party which are not specifically set forth in this Release Agreement.

13. Severability. In the event any provision of this Release Agreement is determined to be invalid or unenforceable, in whole or in part, this determination shall not affect any remaining part of such provision or any other provision of this Release Agreement and the provision in question shall be modified so as to be rendered enforceable in a manner consistent with the intent of the Parties insofar as possible under applicable law.

14. Entire Agreement. This Release Agreement, together with the Employment Agreement, forms the complete and exclusive embodiment of the entire agreement between the Parties with regard to this subject matter. This Release Agreement may only be modified or amended in a writing signed by Employee and a duly authorized officer of XOMA other than Employee.

15. Governing Law. This Release Agreement shall be construed and enforced in accordance with the laws of the State of California without regard to conflicts of law principles. Employee expressly consents to personal jurisdiction and venue in the state and federal courts for Alameda County, California for any lawsuit filed there against Employee by XOMA arising from or related to this Release Agreement.

16. Counterparts. This Release Agreement may be executed in counterparts which shall be deemed to be part of one original, and facsimile and electronic signatures shall be equivalent to original signatures.

COMPANY:

XOMA CORPORATION

By:**/s/** Jack L. Wyszomierski
Jack L. Wyszomierski
Director and Chairman of the
Compensation Committee

EMPLOYEE:

/s/ Thomas Burns
Thomas Burns

AMENDED AND RESTATED CHANGE OF CONTROL SEVERANCE AGREEMENT

James R. Neal ("Employee") and XOMA Corporation ("XOMA") entered into a Change of Control Severance Agreement effective January 3, 2011 (the "Prior Agreement"). Employee and XOMA (collectively, the "Parties") hereby agree to amend and restate the Prior Agreement. The terms and conditions set forth in this Amended and Restated Change of Control Severance Agreement ("Agreement") shall become effective as of August 7, 2017 ("Agreement Effective Date"), and shall supersede and replace the terms and conditions set forth in the Prior Agreement.

A. It is expected that XOMA may from time to time consider the possibility of a Change of Control (as defined in Section 1(b)). XOMA's Board of Directors (the "Board") recognizes that such consideration could be a distraction to Employee and could cause Employee to consider alternative employment opportunities.

B. The Board believes that it is in the best interest of XOMA and its stockholders to provide Employee with an incentive to continue Employee's employment and to maximize the value of XOMA upon a Change of Control for the benefit of its shareholders.

C. In order to provide Employee with enhanced financial security and sufficient encouragement to remain with XOMA despite the possibility of a Change of Control, the Parties have agreed to enter into this Agreement to provide Employee with certain severance benefits upon Employee's termination of employment in connection with a Change of Control.

D. The Parties have entered into an Officer Employment Agreement effective August 7, 2017 ("Employment Agreement"), that provides Employee with certain severance benefits upon termination of employment. The Parties intend that this Agreement shall operate in addition to, and not in replacement of (except as specifically provided therein or herein), the Employment Agreement.

In consideration of the mutual covenants contained in this Agreement and the continued employment of Employee by XOMA, the Parties agree as follows:

1. Definition of Terms. The following terms referred to in this Agreement shall have the following meanings:

(a) "Cause" means that XOMA will have the right to terminate Employee's employment as the result of:

(i) willful material fraud or material dishonesty in connection with Employee's performance under this Agreement;

(ii) failure by Employee to materially perform the duties of Chief Executive Officer;

(iii) material breach of this Agreement or XOMA's Code of Ethics;

(iv) misappropriation of a material business opportunity of XOMA;

(v) misappropriation of any XOMA funds or property; or

(vi) conviction of, or the entering of a plea of guilty or no contest with respect to, a felony.

(b) "Change of Control" means the occurrence of any of the following events:

(i) a merger, amalgamation or acquisition in which XOMA is not the surviving or continuing entity, except for a transaction the principal purpose of which is to change the jurisdiction of XOMA's organization;

(ii) the sale, transfer or other disposition of all or substantially all of the assets of XOMA;

(iii) any other reorganization or business combination in which fifty percent (50%) or more of XOMA's outstanding voting securities are transferred to different holders in a single or series of related transactions;

(iv) approval by the shareholders of XOMA of a plan of complete liquidation of XOMA;

(v) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended) becoming the "beneficial owner" (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of XOMA representing more than fifty percent (50%) of the total voting power represented by XOMA's then outstanding voting securities; or

(vi) a change in the composition of the Board, as a result of which fewer than a majority of directors are Incumbent Directors. "Incumbent Directors" shall mean directors who (A) are directors of XOMA as of the date hereof, (B) are elected, or nominated for election, to the Board with the affirmative votes of the directors of XOMA as of the date hereof, or (C) are elected, or nominated for election, to the Board with the affirmative votes of at least a majority of those directors whose election or nomination was not in connection with any transaction described in subsections (i) through (v) or in connection with an actual or threatened proxy contest relating to the election of directors of XOMA.

(c) "Change of Control Protection Period" means the period commencing two (2) months prior to the execution of the definitive agreement for a Change of Control and terminating twelve (12) months following the closing of a Change of Control.

(d) "Code" means the Internal Revenue Code of 1986, as amended.

(e) "Involuntary Termination" means, during the Change of Control Protection Period, and in each case without Employee's written consent: (I) an involuntary termination of the Employee's employment with XOMA without Cause, or (II) Employee's resignation for Good Reason. For purposes of this Agreement, Executive shall have "Good Reason" for resignation from employment with XOMA if any of the following actions are taken by XOMA without Employee's prior written consent: (a) a material reduction in Employee's base sala

ry, unless pursuant to a salary reduction program applicable generally to XOMA's senior employees; (b) a material reduction in Employee's duties (including responsibilities and/or authorities), *provided*, *however*, that a change in job position (including a change in title) shall not be deemed a "material reduction" in and of itself unless Employee's new duties are materially reduced from the prior duties; (c) relocation of Employee's principal place of employment to a place that increases Employee's one-way commute by more than thirty (30) miles as compared to Employee's then-current principal place of employment immediately prior to such relocation, or (d) any other material breach of this Agreement or the Employment Agreement including, but not limited to, a breach of Section 9 of this Agreement. In order for Employee to resign for Good Reason, each of the following requirements must be met: (i) Employee must provide written notice to the Board within ninety (90) days after the first occurrence of the event giving rise to Good Reason setting forth the basis for Employee's resignation, (ii) Employee must allow XOMA at least sixty (60) days from receipt of such written notice to cure such event, (iii) such event is not reasonably cured by XOMA within such sixty (60) day period (the "Cure Period"), and (iv) Employee must resign from all positions Employee then holds with XOMA not later than one hundred eighty (180) days following the first occurrence of the event giving rise to Good Reason.

2. Term of Agreement. This Agreement shall become effective on the Agreement Effective Date and terminate upon the date that all obligations of the Parties under this Agreement have been satisfied or, if earlier, on the date, prior to a Change of Control Protection Period, that Employee is no longer employed by XOMA.

3. Employment. The Parties acknowledge that Employee's employment with XOMA shall be governed by the Employment Agreement and applicable law. If Employee's employment with XOMA terminates after the Agreement Effective Date, for any reason, Employee shall not be entitled to any payments, benefits, damages, awards or compensation other than as provided by this Agreement or the Employment Agreement or as may otherwise be established under XOMA's then existing employee benefit plans at the time of termination.

4. Change of Control and Severance Benefits.

(a) Involuntary Termination Within Change of Control Protection Period. Subject to Sections 4(e), 4(f) and 4(g) and Employee's continued compliance with the terms of this Agreement and the Employment Agreement, Sections 4(a)(i)-(iv) shall apply upon the occurrence of an Involuntary Termination at any time within a Change of Control Protection Period.

(i) Equity Acceleration and Extended Option Exercise Period. (A) The vesting of all time-based equity awards granted to Employee by XOMA (including any such options granted or assumed by the surviving or continuing entity of the Change of Control) and still outstanding ("Time-Based Awards") shall automatically be accelerated so that all the Time-Based Awards may be exercised (if applicable) immediately upon such Involuntary Termination for any or all of the subject shares, and the post-termination exercise period of each Time-Based Award (if applicable) shall be extended to the greater of sixty (60) months or the remainder of the maximum term of such Time-Based Award); and (B) with respect to any performance-based stock awards ("Performance Awards") at the time of

such termination, the Board (or its Compensation Committee) will assess in good faith the level of achievement of any performance goals for such Performance Awards and will determine in its sole discretion the degree of achievement of the performance goal(s) underlying such Performance Awards and accelerate a pro rata portion of such Performance Awards based on (x) the number of days that have elapsed during the applicable performance period divided by the total number of days in the performance period and (y) the deemed level of achievement of such performance goal(s). The Time-Based Awards and Performance Awards shall continue to be subject to all other terms and conditions of the applicable equity incentive or share option plans and the applicable award agreements between the Parties.

(ii) Cash Severance. Employee shall be entitled to receive a severance payment of (A) two (2) times Employee's annual base salary in effect immediately prior to the Involuntary Termination, and (B) two (2) times Employee's target bonus in effect for the fiscal year in which the Involuntary Termination occurs. Such payments shall be in lieu of any other severance payment to which Employee shall be entitled as a result of such termination under this Agreement, the Employment Agreement, or XOMA's or any of its affiliates' then existing severance plans and policies. All such severance payments shall be subject to the requirements of Sections 4(b), 5 and 7. The severance payment described in Section 4(a)(ii)(A) shall be paid in monthly installments over twelve (12) months, with the first two (2) of such monthly installments being paid in a lump sum sixty (60) days after Employee's employment termination date, and the remaining installments being paid monthly thereafter until fully paid. The severance payments described in Section 4(a)(ii)(B) shall be paid in a lump sum sixty (60) days after Employee's employment termination date.

(iii) Group Health Coverage and Certain Other Benefits. For a period of twenty-four (24) months following an event of termination as a result of an Involuntary Termination at any time within a Change of Control Protection Period (the "COBRA Premium Period"), XOMA shall pay the full cost of COBRA continuation coverage (the "COBRA Premiums") of Employee and Employee's spouse and eligible dependents (collectively "Covered Persons"), *provided*, *however*, that (A) each Covered Person constitutes a qualified beneficiary, as defined in Section 4980B(g)(1) of the Internal Revenue Code of 1986, as amended ("Code"); and (B) Employee elects continuation coverage within the prescribed time period under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"). The payments by XOMA for such group health coverage shall cease prior to the expiration of the twenty-four (24)-month period in this Section 4(a)(iii), upon commencement of substantially similar coverage for all Covered Persons as a result of the employment of Employee by another employer, or when Employee ceases to be eligible for COBRA continuation coverage for any reason, including plan termination. Notwithstanding the foregoing, if XOMA determines, in its sole discretion, that it cannot pay the COBRA Premiums without potentially incurring financial costs or penalties under applicable law (including, without limitation, Section 2716 of the Public Health Service Act), regardless of whether Covered Persons elect or are eligible for COBRA coverage, XOMA instead shall pay to Employee, on the first day of each calendar month following Employee's employment termination date, a fully taxable cash payment equal to the applicable COBRA premiums for that month (including the amount of COBRA pre

miums for all Covered Persons), less required payroll deductions and with-holdings (such amount, the "Special Cash Payment"), for the remainder of the COBRA Premium Period. Employee may, but is not obligated to, use such Special Cash Payments toward the cost of COBRA premiums.

(iv) Outplacement Program. Employee will be entitled to participate in a twelve (12)-month executive outplacement program provided by an executive outplacement service selected by XOMA, at XOMA's expense not to exceed $15,000 and paid directly to the outplacement service (the "Outplacement Services"). The Outplacement Services will commence after the Effective Date of the Release Agreement (as defined in Section 4(g) and therein).

(b) Section 409A of the Code. If Employee is deemed on the date of "separation from service" (under Treas. Reg. Section 1.409A-1(h)) to be a "specified employee" (under Treas. Reg. Section 1.409A-1(i)), then with regard to any payment or benefit that is considered deferred compensation under Section 409A of the Code payable on account of a "separation from service" that is required to be delayed under Section 409A(a)(2)(B) of the Code (after taking into account any applicable exceptions to such requirement), such payment or benefit shall be made or provided on the earlier of (i) the expiration of the six(6)-month period measured from the date of Employee's "separation from service," or (ii) the date of Employee's death ("Delay Period"). Upon expiration of the Delay Period, all payments and benefits delayed under this Section 4(b) shall be paid or reimbursed to Employee in a lump sum and any remaining payments and benefits due under this Agreement shall be paid or provided on the payment dates specified. For purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment, references to Employee's "termination of employment" (and corollary terms) shall be construed to refer to Employee's "separation from service" (under Treas. Reg. Section 1.409A-1(h)).

(c) Voluntary Resignation or Termination for Cause. If Employee's employment with XOMA terminates as a result of Employee's voluntary resignation which is not an Involuntary Termination or if Employee is terminated for Cause at any time, then Employee shall not be entitled to receive severance benefits under this Agreement.

(d) Permanent Disability or Death. If Employee's employment with XOMA terminates due to Employee's death or Permanent Disability, in either case, during the Change of Control Protection Period, then Employee shall not be entitled to receive severance benefits under this Agreement and shall instead be entitled to severance benefits as set forth in the Employment Agreement. In the event of Employee's death or Permanent Disability which occurs after termination of Employee's employment with XOMA as a result of an Involuntary Termination within a Change of Control Protection Period, Employee's legal representatives, executors, administrators, successors, heirs, devisees and legatees shall be entitled to receive severance benefits under this Agreement. For purposes of this Agreement, "Permanent Disability" is defined as Employee being incapable of performing duties to XOMA by reason of any medically determined physical or mental impairment that can be expected to last for a period of more than six (6) consecutive months from the first date of Employee's absence due to the disability. XOMA will give Employee at least four (4) weeks written notice of termination due to such disability.

(e) Resignation from the Board. Upon termination of employment for any reason, and as a precondition to Employee's receipt of the severance benefits set forth in Section 4(a), Employee shall resign from any and all positions Employee holds with the Board, to be effective no later than the date of Employee's employment termination (or such other date requested or permitted by the Board).

(f) Return of XOMA Property. Upon termination of employment for any reason, and as a precondition to Employee's receipt of the severance benefits set forth in Section 4(a), Employee shall immediately return to XOMA all documents, telephones, computers, keys, credit cards, other property and records of XOMA, and all copies, within Employee's possession, custody or control.

(g) Release of Claims. As a condition of entering into this Agreement and receiving the severance benefits set forth in Sections 4(a), Employee shall execute and deliver to XOMA a release of claims in favor of XOMA substantially in the form attached hereto as Exhibit A (the "Release Agreement") within the timeframe set forth in the Release Agreement, but not later than forty-five (45) days following Employee's employment termination date, and allow the Release Agreement to become effective according to its terms (by not invoking any legal right to revoke it) within any applicable time period set forth in the Release Agreement.

5. Golden Parachute Excise Tax.

(a) In the event that the benefits provided for in this Agreement or otherwise with respect to a Change of Control occurring on or before February 10, 2019, constitute "parachute payments" under Section 280G of the Code that are subject to the excise tax imposed by Section 4999 of the Code ("Excise Tax"), then Employee shall receive (i) a one-time payment from XOMA sufficient to pay such Excise Tax ("Excise Tax Gross-Up"), and (ii) an additional one-time payment from XOMA sufficient to pay the additional excise tax and federal, state and local income and employment taxes arising from the Excise Tax Gross-Up made to Employee under this Section 5 ("Additional Gross-Up"). Unless the Parties otherwise agree in writing, the determination of Employee's Excise Tax liability and amount to be paid under this Section 5(a) shall be made in writing in good faith by XOMA's independent public accountants immediately prior to the Change of Control ("Accountants"). The initial Excise Tax Gross-Up and Additional Gross-Up payments shall either be (x) paid to Employee no later than ten days prior to the due date for the payment of any excise tax, or (y) paid to the Internal Revenue Service ("IRS") on behalf of Employee no later than the due date for the payment of any Excise Tax. In the event that the Excise Tax incurred by Employee is determined by the IRS to be greater or lesser than the amount so determined by the Accountants, the Parties agree to promptly (but in no event later than the end of the calendar year in which the applicable taxes are paid to (or received from) the IRS) make such additional payment, including interest and any tax penalties, to the other Party as the Accountants reasonably determine is appropriate.

(b) In the event that the benefits provided for in this Agreement or otherwise with respect to a Change of Control occurring after February 10, 2019 (each, a "280G Payment"), would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code, and (ii) but for this sentence, be subject to the Excise Tax, then any such 280G Payment provided

pursuant to this Agreement (a "Payment") shall be equal to the Reduced Amount. The "Reduced Amount" shall be either (x) the largest portion of the Payment that would result in no portion of the Payment (after reduction) being subject to the Excise Tax or (y) the largest portion, up to and including the total, of the Payment, whichever amount (i.e., the amount determined by clause (x) or by clause (y)), after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in Employee's receipt, on an after-tax basis, of the greater economic benefit notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in a Payment is required pursuant to the preceding sentence and the Reduced Amount is determined pursuant to clause (x) of the preceding sentence, the reduction shall occur in the manner (the "Reduction Method") that results in the greatest economic benefit for Employee. If more than one method of reduction will result in the same economic benefit, the items so reduced will be reduced pro rata (the "Pro Rata Reduction Method").

(c) Notwithstanding any provision of Section 5(b) to the contrary, if the Reduction Method or the Pro Rata Reduction Method would result in any portion of the Payment being subject to taxes pursuant to Section 409A that would not otherwise be subject to taxes pursuant to Section 409A, then the Reduction Method and/or the Pro Rata Reduction Method, as the case may be, shall be modified so as to avoid the imposition of taxes pursuant to Section 409A as follows: (A) as a first priority, the modification shall preserve to the greatest extent possible, the greatest economic benefit for Employee as determined on an after-tax basis; (B) as a second priority, Payments that are contingent on future events (*e.g.*, being terminated without Cause), shall be reduced (or eliminated) before Payments that are not contingent on future events; and (C) as a third priority, Payments that are "deferred compensation" within the meaning of Section 409A shall be reduced (or eliminated) before Payments that are not deferred compensation within the meaning of Section 409A.

(d) Unless Employee and XOMA agree on an alternative accounting firm, the Accountants shall perform the foregoing calculations. If the Accountants are serving as accountant or auditor for the individual, entity or group effecting the Change of Control transaction, XOMA shall appoint a nationally recognized accounting firm to make the determinations required by this Section 5. For purposes of making the calculations required by this Section 5, the Accountants may make reasonable assumptions and approximations and may rely on interpretations concerning the application of the Code for which there is a "substantial authority" tax reporting position. The Parties shall furnish such information and documents as the Accountants may reasonably request in order to make a determination under this Section 5. XOMA shall bear all reasonable costs the Accountants incur in connection with calculations contemplated by this Section 5 . XOMA shall use commercially reasonable efforts to cause the Accountants to make the determinations hereunder to provide its calculations, together with detailed supporting documentation, to Employee and XOMA within fifteen (15) calendar days after the date on which Employee's right to a 280G Payment becomes reasonably likely to occur (if requested at that time by Employee or XOMA) or such other time as requested by Employee or XOMA.

(e) If Employee receives a Payment for which the Reduced Amount was determined pursuant to clause (x) of Section 5(b) and the Internal Revenue Service determines thereafter that some portion of the Payment is subject to the Excise Tax, Employee agrees to promptly return to XOMA a sufficient amount of the Payment (after reduction pursuant to clause (x) of Section 5(b)) so that no portion of the remaining Payment is subject to the Excise Tax. For the avoidance of doubt, if the Reduced Amount was determined pursuant to clause (y) of Section 5(b), Employee shall have no obligation to return any portion of the Payment pursuant to the preceding sentence.

6. Binding Agreement. This Agreement shall be binding upon, and inure to the benefit of, the Parties and their respective permitted successors and assigns.

7. Compliance with Section 409A of the Code.

(a) It is intended that this Agreement will comply with Section 409A of the Code and its regulations and guidelines (collectively, "Section 409A"), to the extent the Agreement is subject to Section 409A, and the Agreement shall be interpreted on a basis consistent with such intent. If an amendment of the Agreement is necessary in order for it to comply with Section 409A, the Parties will negotiate in good faith to amend the Agreement in a manner that preserves the original intent of the Parties to the extent reasonably possible. No action or failure to act under this Section 7 shall subject XOMA to any claim, liability, or expense, and XOMA shall not have any obligation to indemnify or otherwise protect Employee from the obligation to pay any taxes, interest or penalties under Section 409A.

(b) With respect to any reimbursement or in-kind benefit arrangements of XOMA and its subsidiaries that constitute deferred compensation for purposes of Section 409A, except as otherwise permitted by Section 409A, the following conditions shall be applicable: (A) the amount eligible for reimbursement, or in-kind benefits provided, under any such arrangement in one calendar year may not affect the amount eligible for reimbursement, or in-kind benefits to be provided, under such arrangement in any other calendar year (except that the benefit plans may impose a limit on the amount that may be reimbursed or paid), (B) any reimbursement must be made on or before the last day of the calendar year following the calendar year in which the expense was incurred, and (C) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit. Whenever payments under this Agreement are to be made in installments, each such installment shall be deemed to be a separate payment for purposes of Section 409A.

8. Notices. Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given upon actual confirmed receipt by mail, courier or email. In the case of Employee, mailed notices shall be addressed to Employee at the home or personal email address that Employee most recently communicated to XOMA in writing. In the case of XOMA, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Secretary.

9. Successors.

(a) XOMA's Successors. Any successor to XOMA (direct or indirect, by purchase, lease, merger, amalgamation, consolidation, liquidation or otherwise) to all or substantially all of XOMA's business or assets shall assume XOMA's obligations under this Agreement and agree expressly to perform XOMA's obligations under this Agreement in the same manner and to the same extent as XOMA would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term "XOMA" shall include any successor to XOMA's business or assets which executes and delivers the assumption agreement described in this Section 9(a) or which becomes bound by the terms of this Agreement by operation of law.

(b) Employee's Successors. Without the written consent of XOMA, Employee shall not assign or transfer this Agreement or any right or obligation under this Agreement to any other person or entity. However, except as otherwise set forth herein, the terms of this Agreement and all rights of Employee shall inure to the benefit of, and be enforceable by, Employee's personal or legal representatives, executors, administrators, successors, heirs, devisees and legatees.

10. Amendment of Agreement. This Agreement may only be modified or amended in a writing signed by Employee and a duly authorized officer of XOMA other than Employee.

11. Waiver. Any party's failure to enforce any provision or provisions of the Agreement will not in any way be construed as a waiver of any such provision or provisions, nor prevent any party from thereafter enforcing each and every other provision of the Agreement. The rights granted to the Parties herein are cumulative and will not constitute a waiver of any party's right to assert all other legal remedies available to it under the circumstances.

12. Severability. In the event any provision of this Agreement is determined to be invalid or unenforceable, in whole or in part, this determination shall not affect any remaining part of such provision or any other provision of this Agreement and the provision in question shall be modified so as to be rendered enforceable in a manner consistent with the intent of the Parties insofar as possible under applicable law.

13. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California without regard to conflicts of law principles. Employee expressly consents to personal jurisdiction and venue in the state and federal courts for Alameda County, California for any lawsuit filed there against Employee by XOMA arising from or related to this Agreement.

14. Fees and Costs. The Parties shall each bear their own costs, expert fees, attorneys' fees and other fees incurred in connection with this Agreement.

15. Counterparts. This Agreement may be executed in counterparts which shall be deemed to be part of one original, and facsimile and electronic signatures shall be equivalent to original signatures.

16. Effect of Prior Agreements. This Agreement, together with the Employment Agreement, forms the complete and exclusive embodiment of the entire agreement between the Parties with regard to this subject matter, and supersedes and replaces any other agreements or promises made to Employee by anyone, whether oral or written (including but not limited to the Prior Agreement).

COMPANY: **XOMA CORPORATION**

By: **/s/** Jack L. Wyszomierski
Jack L. Wyszomierski
Director and Chairman of the
Compensation Committee

EMPLOYEE: **/s/** James R. Neal
James R. Neal

EXHIBIT A

FORM RELEASE OF CLAIMS AGREEMENT

This Release of Claims Agreement ("Release Agreement") is entered into between XOMA Corporation ("XOMA") and James R. Neal ("Employee"). XOMA and Employee (collectively, the "Parties") are parties to an Amended and Restated Change of Control Severance Agreement effective August 7, 2017 ("CoC Agreement") and agree as follows:

1. Termination. Employee's employment with XOMA terminated on _____, 20__.

2. Release of Claims. In exchange for the compensation, benefits and other consideration to be provided to Employee under the CoC Agreement that Employee is not otherwise entitled to receive, Employee hereby generally and completely releases XOMA and XOMA (US) LLC, and their past and present officers, agents, directors, employees, investors, shareholders, administrators, partners, attorneys, agents, insurers, affiliates, divisions, subsidiaries, parents, predecessor and successor corporations, and assigns (collectively, the "Released Parties"), from, and agrees not to sue or otherwise institute any legal or administrative proceedings concerning, any and all claims, duties, liabilities, obligations and causes of action, both known and unknown, that arise out of or are in any way related to events, acts, conduct or omissions occurring prior to or on the date Employee signs this Release Agreement (collectively, the "Released Claims").

The Released Claims include but are not limited to:

(a) all claims arising out of or in any way related to Employee's employment with XOMA or the termination of that employment;

(b) all claims related to compensation or benefits from XOMA, including salary, bonuses, commissions, vacation, paid time off, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership, equity or profits interests in XOMA (including but not limited to any right to purchase, or actual purchase, of shares of stock of XOMA);

(c) all claims for breach of contract, wrongful termination and breach of the implied covenant of good faith and fair dealing;

(d) all tort claims, including claims for fraud, defamation, emotional distress and discharge in violation of public policy;

(e) all federal, state and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys' fees or other claims arising under the Federal Civil Rights Act of 1964, the federal Civil Rights Act of 1991, the federal Age Discrimination in Employment Act of 1967 (the "ADEA"), the federal Americans with Disabilities Act of 1990, the federal Fair Labor Standards Act, the federal the Employee Retirement Income Security Act of 1974, the federal Worker Adjustment and Retraining Notification Act, the California Fair Employment and Housing Act and the California Labor Code, and all amendments to and regulations issued under each such statute;

(f) all claims for violation of the federal or any state constitution;

(g) all claims arising out of any other laws and regulations relating to employment or employment discrimination; and

(h) all claims for attorneys' fees and costs.

3. Acknowledgment of Waiver of Claims under ADEA. Employee acknowledges that Employee is knowingly and voluntarily waiving and releasing any rights Employee may have under the ADEA, and that the consideration given for the waiver and release in this Section 3 is in addition to anything of value to which Employee is already entitled. Employee further acknowledges that Employee has been advised, as required by the ADEA, that: (a) Employee's waiver and release do not apply to any rights or claims that may arise after the date Employee signs this Release Agreement; (b) Employee should consult with an attorney prior to signing this Release Agreement (although Employee may choose voluntarily not to do so); (c) Employee has twenty-one (21) days to consider this Release Agreement (although Employee may choose voluntarily to sign it earlier); (d) Employee has seven (7) days following the date Employee signs this Release Agreement to revoke the Release Agreement (by providing written notice of Employee's revocation to the Legal Department at XOMA); and (e) this Release Agreement will not be effective until the date upon which the revocation period has expired, which will be the eighth (8th) day after the date that this Release Agreement is signed by Employee provided that Employee does not revoke it (the "Effective Date").

4. Waiver of Unknown Claims. In giving the releases set forth in this Release Agreement, which include claims which may be unknown to Employee at present, Employee acknowledges that Employee has read and understands Section 1542 of the California Civil Code which reads as follows:

> **A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.**

Employee hereby expressly waives and relinquishes all rights and benefits under that section and any law or legal principle of similar effect in any jurisdiction with respect to Employee's release of claims herein, including but not limited to the release of unknown and unsuspected claims.

5. Excluded Claims. Notwithstanding the foregoing, the following are not included in the Released Claims (the "Excluded Claims"): (a) any rights or claims for indemnification Employee may have pursuant to any written indemnification agreement with XOMA to which Employee is a party or under applicable law; (b) any rights which cannot be waived as a matter of law; (c) any rights Employee has to file or pursue a claim for workers' compensation or unemployment insurance; and (d) any claims for breach of the CoC Agreement or this Release Agreement. **In addition, nothing in this Release Agreement prevents Employee from filing, cooperating with or participating in any proceedings before the Equal Employment Oppor**

tunity Commission, the Department of Labor, the California Department of Fair Employment and Housing or any analogous federal or state government agency, except that Employee acknowledges and agrees that Employee hereby waives Employee's right to any monetary benefits in connection with any such claim, charge or proceeding. Employee represents and warrants that, other than the Excluded Claims, Employee is not aware of any claims Employee has or might have against any of the Released Parties that are not included in the Released Claims.

6. Representations. Employee represents that Employee has been paid all compensation owed and for all time worked; Employee has received all the leave and leave benefits and protections for which Employee is eligible pursuant to the federal Family and Medical Leave Act, the California Family Rights Act, any applicable law or XOMA policy; and Employee has not suffered any on the job injury for which Employee has not already filed a workers' compensation claim.

7. Confidentiality. The provisions of this Release Agreement shall be held in strictest confidence by Employee and shall not be publicized or disclosed in any manner whatsoever; *provided*, *however*, that: (a) Employee may disclose this Release Agreement in confidence to Employee's immediate family; (b) Employee may disclose this Release Agreement in confidence to Employee's attorneys, accountants, auditors, tax preparers and financial advisors; and (c) Employee may disclose this Release Agreement insofar as such disclosure may be necessary to enforce its terms or as otherwise required by law. In particular, and without limitation, Employee agrees not to disclose the terms of this Release Agreement to any current or former employee, consultant or independent contractor of XOMA.

8. Nondisparagement. Employee agrees not to disparage XOMA, and XOMA's officers, directors, employees, shareholder, members and agents, in any manner likely to be harmful to them or their business, business reputation or personal reputation. Similarly, Employee understands that XOMA agrees to direct its directors and officers not to disparage Employee in any manner likely to be harmful to Employee's business reputation or personal reputation. Nothing in this provision, however, shall prevent either Employee or XOMA from responding accurately and fully to any request for information if required by legal process or in connection with a government investigation. In addition, nothing in this provision or this Release Agreement is intended to prohibit or restrain Employee in any manner from making disclosures that are protected under the whistleblower provisions of federal law or regulation or under other applicable law or regulation.

9. No Voluntary Adverse Action. Employee agrees that Employee will not voluntarily provide assistance, information or advice, directly or indirectly (including through agents or attorneys), to any person or entity in connection with any proposed or pending litigation, arbitration, administrative claim, cause of action, or other formal proceeding of any kind brought against XOMA, its parent or subsidiary entities, affiliates, officers, directors, employees or agents, nor shall Employee induce or encourage any person or entity to bring any such claims; *provided*, *however*, that Employee must respond accurately and truthfully to any question, inquiry or request for information when required by legal process (e.g., a valid subpoena or other similar compulsion of law) or as part of a government investigation.

10. Return of XOMA Property; Compliance with Proprietary Information Agreement. Employee represents that Employee has complied fully with Section 4(f) of the CoC Agreement and the provisions of Employee's Employee Confidential Information and Invention Assignment Agreement with XOMA (the "Confidentiality Agreement"), and further agrees to continue to abide by Employee's continuing obligations under the Confidentiality Agreement.

11. Fees and Costs. The Parties shall each bear their own costs, expert fees, attorneys' fees and other fees incurred in connection with this Release Agreement.

12. No Representations. Employee represents that Employee has had the opportunity to consult with an attorney, and has carefully read and understands the scope and effect of the provisions of this Release Agreement. Neither Party has relied upon any representations or statements made by the other Party which are not specifically set forth in this Release Agreement.

13. Severability. In the event any provision of this Release Agreement is determined to be invalid or unenforceable, in whole or in part, this determination shall not affect any remaining part of such provision or any other provision of this Release Agreement and the provision in question shall be modified so as to be rendered enforceable in a manner consistent with the intent of the Parties insofar as possible under applicable law.

14. Entire Agreement. This Release Agreement, together with the CoC Agreement, forms the complete and exclusive embodiment of the entire agreement between the Parties with regard to this subject matter. This Release Agreement may only be modified or amended in a writing signed by Employee and a duly authorized officer of XOMA other than Employee.

15. Governing Law. This Release Agreement shall be construed and enforced in accordance with the laws of the State of California without regard to conflicts of law principles. Employee expressly consents to personal jurisdiction and venue in the state and federal courts for Alameda County, California for any lawsuit filed there against Employee by XOMA arising from or related to this Release Agreement.

16. Counterparts. This Release Agreement may be executed in counterparts which shall be deemed to be part of one original, and facsimile and electronic signatures shall be equivalent to original signatures.

COMPANY:

XOMA CORPORATION

By:**/s/** Jack L. Wyszomierski
Jack L. Wyszomierski
Director and Chairman of the
Compensation Committee

EMPLOYEE:

/s/ James R. Neal
James R. Neal

Exhibit 10.10

AMENDED AND RESTATED CHANGE OF CONTROL SEVERANCE AGREEMENT

Thomas Burns ("Employee") and XOMA Corporation ("XOMA") entered into a Change of Control Severance Agreement effective October 28, 2015 (the "Prior Agreement"). Employee and XOMA (collectively, the "Parties") hereby agree to amend and restate the Prior Agreement. The terms and conditions set forth in this Amended and Restated Change of Control Severance Agreement ("Agreement") shall become effective as of August 7, 2017 ("Agreement Effective Date"), and shall supersede and replace the terms and conditions set forth in the Prior Agreement.

A. It is expected that XOMA may from time to time consider the possibility of a Change of Control (as defined in Section 1(b)). XOMA's Board of Directors (the "Board") recognizes that such consideration could be a distraction to Employee and could cause Employee to consider alternative employment opportunities.

B. The Board believes that it is in the best interest of XOMA and its stockholders to provide Employee with an incentive to continue Employee's employment and to maximize the value of XOMA upon a Change of Control for the benefit of its shareholders.

C. In order to provide Employee with enhanced financial security and sufficient encouragement to remain with XOMA despite the possibility of a Change of Control, the Parties have agreed to enter into this Agreement to provide Employee with certain severance benefits upon Employee's termination of employment in connection with a Change of Control.

D. The Parties have entered into an Officer Employment Agreement effective August 7, 2017 ("Employment Agreement"), that provides Employee with certain severance benefits upon termination of employment. The Parties intend that this Agreement shall operate in addition to, and not in replacement of (except as specifically provided therein or herein), the Employment Agreement.

In consideration of the mutual covenants contained in this Agreement and the continued employment of Employee by XOMA, the Parties agree as follows:

1. Definition of Terms. The following terms referred to in this Agreement shall have the following meanings:

(a) "Cause" means that XOMA will have the right to terminate Employee's employment as the result of:

(i) willful material fraud or material dishonesty in connection with Employee's performance under this Agreement;

(ii) failure by Employee to materially perform the duties of Chief Financial Officer;

(iii) material breach of this Agreement or XOMA's Code of Ethics;

(iv) misappropriation of a material business opportunity of XOMA;

(v) misappropriation of any XOMA funds or property; or

(vi) conviction of, or the entering of a plea of guilty or no contest with respect to, a felony.

(b) "Change of Control" means the occurrence of any of the following events:

(i) a merger, amalgamation or acquisition in which XOMA is not the surviving or continuing entity, except for a transaction the principal purpose of which is to change the jurisdiction of XOMA's organization;

(ii) the sale, transfer or other disposition of all or substantially all of the assets of XOMA;

(iii) any other reorganization or business combination in which fifty percent (50%) or more of XOMA's outstanding voting securities are transferred to different holders in a single or series of related transactions;

(iv) approval by the shareholders of XOMA of a plan of complete liquidation of XOMA;

(v) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended) becoming the "beneficial owner" (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of XOMA representing more than fifty percent (50%) of the total voting power represented by XOMA's then outstanding voting securities; or

(vi) a change in the composition of the Board, as a result of which fewer than a majority of directors are Incumbent Directors. "Incumbent Directors" shall mean directors who (A) are directors of XOMA as of the date hereof, (B) are elected, or nominated for election, to the Board with the affirmative votes of the directors of XOMA as of the date hereof, or (C) are elected, or nominated for election, to the Board with the affirmative votes of at least a majority of those directors whose election or nomination was not in connection with any transaction described in subsections (i) through (v) or in connection with an actual or threatened proxy contest relating to the election of directors of XOMA.

(c) "Change of Control Protection Period" means the period commencing two (2) months prior to the execution of the definitive agreement for a Change of Control and terminating twelve (12) months following the closing of a Change of Control.

(d) "Code" means the Internal Revenue Code of 1986, as amended.

(e) "Involuntary Termination" means, during the Change of Control Protection Period, and in each case without Employee's written consent: (I) an involuntary termination of the Employee's employment with XOMA without Cause, or (II) Employee's resignation for Good Reason. For purposes of this Agreement, Executive shall have "Good Reason" for resignation from employment with XOMA if any of the following actions are taken by XOMA without Employee's prior written consent: (a) a material reduction in Employee's base sala

ry, unless pursuant to a salary reduction program applicable generally to XOMA's senior employees; (b) a material reduction in Employee's duties (including responsibilities and/or authorities), *provided*, *however*, that a change in job position (including a change in title) shall not be deemed a "material reduction" in and of itself unless Employee's new duties are materially reduced from the prior duties; (c) relocation of Employee's principal place of employment to a place that increases Employee's one-way commute by more than thirty (30) miles as compared to Employee's then-current principal place of employment immediately prior to such relocation, or (d) any other material breach of this Agreement or the Employment Agreement including, but not limited to, a breach of Section 9 of this Agreement. In order for Employee to resign for Good Reason, each of the following requirements must be met: (i) Employee must provide written notice to the Board within ninety (90) days after the first occurrence of the event giving rise to Good Reason setting forth the basis for Employee's resignation, (ii) Employee must allow XOMA at least sixty (60) days from receipt of such written notice to cure such event, (iii) such event is not reasonably cured by XOMA within such sixty (60) day period (the "Cure Period"), and (iv) Employee must resign from all positions Employee then holds with XOMA not later than one hundred eighty (180) days following the first occurrence of the event giving rise to Good Reason.

2. Term of Agreement. This Agreement shall become effective on the Agreement Effective Date and terminate upon the date that all obligations of the Parties under this Agreement have been satisfied or, if earlier, on the date, prior to a Change of Control Protection Period, that Employee is no longer employed by XOMA.

3. Employment. The Parties acknowledge that Employee's employment with XOMA shall be governed by the Employment Agreement and applicable law. If Employee's employment with XOMA terminates after the Agreement Effective Date, for any reason, Employee shall not be entitled to any payments, benefits, damages, awards or compensation other than as provided by this Agreement or the Employment Agreement or as may otherwise be established under XOMA's then existing employee benefit plans at the time of termination.

4. Change of Control and Severance Benefits.

(a) Involuntary Termination Within Change of Control Protection Period. Subject to Sections 4(e), 4(f) and 4(g) and Employee's continued compliance with the terms of this Agreement and the Employment Agreement, Sections 4(a)(i)-(iv) shall apply upon the occurrence of an Involuntary Termination at any time within a Change of Control Protection Period.

(i) Equity Acceleration and Extended Option Exercise Period. (A) The vesting of all time-based equity awards granted to Employee by XOMA (including any such options granted or assumed by the surviving or continuing entity of the Change of Control) and still outstanding ("Time-Based Awards") shall automatically be accelerated so that all the Time-Based Awards may be exercised (if applicable) immediately upon such Involuntary Termination for any or all of the subject shares, and the post-termination exercise period of each Time-Based Award (if applicable) shall be extended to the greater of sixty (60) months or the remainder of the maximum term of such Time-Based Award); and (B) with respect to any performance-based stock awards ("Performance Awards") at the time of

such termination, the Board (or its Compensation Committee) will assess in good faith the level of achievement of any performance goals for such Performance Awards and will determine in its sole discretion the degree of achievement of the performance goal(s) underlying such Performance Awards and accelerate a pro rata portion of such Performance Awards based on (x) the number of days that have elapsed during the applicable performance period divided by the total number of days in the performance period and (y) the deemed level of achievement of such performance goal(s). The Time-Based Awards and Performance Awards shall continue to be subject to all other terms and conditions of the applicable equity incentive or share option plans and the applicable award agreements between the Parties.

(ii) Cash Severance. Employee shall be entitled to receive a severance payment of (A) one and a half (1.5) times Employee's annual base salary in effect immediately prior to the Involuntary Termination, and (B) one and a half (1.5) times Employee's target bonus in effect for the fiscal year in which the Involuntary Termination occurs. Such payments shall be in lieu of any other severance payment to which Employee shall be entitled as a result of such termination under this Agreement, the Employment Agreement, or XOMA's or any of its affiliates' then existing severance plans and policies. All such severance payments shall be subject to the requirements of Sections 4(b), 5 and 7. The severance payment described in Section 4(a)(ii)(A) shall be paid in monthly installments over twelve (12) months, with the first two (2) of such monthly installments being paid in a lump sum sixty (60) days after Employee's employment termination date, and the remaining installments being paid monthly thereafter until fully paid. The severance payments described in Section 4(a)(ii)(B) shall be paid in a lump sum sixty (60) days after Employee's employment termination date.

(iii) Group Health Coverage and Certain Other Benefits. For a period of eighteen (18) months following an event of termination as a result of an Involuntary Termination at any time within a Change of Control Protection Period (the "COBRA Premium Period"), XOMA shall pay the full cost of COBRA continuation coverage (the "COBRA Premiums") of Employee and Employee's spouse and eligible dependents (collectively "Covered Persons"), *provided*, *however*, that (A) each Covered Person constitutes a qualified beneficiary, as defined in Section 4980B(g)(1) of the Internal Revenue Code of 1986, as amended ("Code"); and (B) Employee elects continuation coverage within the prescribed time period under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"). The payments by XOMA for such group health coverage shall cease prior to the expiration of the eighteen (18)-month period in this Section 4(a)(iii), upon commencement of substantially similar coverage for all Covered Persons as a result of the employment of Employee by another employer, or when Employee ceases to be eligible for COBRA continuation coverage for any reason, including plan termination. Notwithstanding the foregoing, if XOMA determines, in its sole discretion, that it cannot pay the COBRA Premiums without potentially incurring financial costs or penalties under applicable law (including, without limitation, Section 2716 of the Public Health Service Act), regardless of whether Covered Persons elect or are eligible for COBRA coverage, XOMA instead shall pay to Employee, on the first day of each calendar month following Employee's employment termination date, a fully taxable cash payment equal to the applicable COBRA premiums for that month (including the amount of COBRA pre

miums for all Covered Persons), less required payroll deductions and with-holdings (such amount, the "Special Cash Payment"), for the remainder of the COBRA Premium Period. Employee may, but is not obligated to, use such Special Cash Payments toward the cost of COBRA premiums.

(iv) Outplacement Program. Employee will be entitled to participate in a twelve (12)-month executive outplacement program provided by an executive outplacement service selected by XOMA, at XOMA's expense not to exceed $15,000 and paid directly to the outplacement service (the "Outplacement Services"). The Outplacement Services will commence after the Effective Date of the Release Agreement (as defined in Section 4(g) and therein).

(b) Section 409A of the Code. If Employee is deemed on the date of "separation from service" (under Treas. Reg. Section 1.409A-1(h)) to be a "specified employee" (under Treas. Reg. Section 1.409A-1(i)), then with regard to any payment or benefit that is considered deferred compensation under Section 409A of the Code payable on account of a "separation from service" that is required to be delayed under Section 409A(a)(2)(B) of the Code (after taking into account any applicable exceptions to such requirement), such payment or benefit shall be made or provided on the earlier of (i) the expiration of the six(6)-month period measured from the date of Employee's "separation from service," or (ii) the date of Employee's death ("Delay Period"). Upon expiration of the Delay Period, all payments and benefits delayed under this Section 4(b) shall be paid or reimbursed to Employee in a lump sum and any remaining payments and benefits due under this Agreement shall be paid or provided on the payment dates specified. For purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment, references to Employee's "termination of employment" (and corollary terms) shall be construed to refer to Employee's "separation from service" (under Treas. Reg. Section 1.409A-1(h)).

(c) Voluntary Resignation or Termination for Cause. If Employee's employment with XOMA terminates as a result of Employee's voluntary resignation which is not an Involuntary Termination or if Employee is terminated for Cause at any time, then Employee shall not be entitled to receive severance benefits under this Agreement.

(d) Permanent Disability or Death. If Employee's employment with XOMA terminates due to Employee's death or Permanent Disability, in either case, during the Change of Control Protection Period, then Employee shall not be entitled to receive severance benefits under this Agreement and shall instead be entitled to severance benefits as set forth in the Employment Agreement. In the event of Employee's death or Permanent Disability which occurs after termination of Employee's employment with XOMA as a result of an Involuntary Termination within a Change of Control Protection Period, Employee's legal representatives, executors, administrators, successors, heirs, devisees and legatees shall be entitled to receive severance benefits under this Agreement. For purposes of this Agreement, "Permanent Disability" is defined as Employee being incapable of performing duties to XOMA by reason of any medically determined physical or mental impairment that can be expected to last for a period of more than six (6) consecutive months from the first date of Employee's absence due to the disability. XOMA will give Employee at least four (4) weeks written notice of termination due to such disability.

(e) Resignation from any XOMA Boards. Upon termination of employment for any reason, and as a precondition to Employee's receipt of the severance benefits set forth in Section 8, Employee shall resign from any and all positions Employee holds with any board of directors of XOMA subsidiaries, to be effective no later than the date of Employee's employment termination (or such other date requested or permitted by Mr. Neal).

(f) Return of XOMA Property. Upon termination of employment for any reason, and as a precondition to Employee's receipt of the severance benefits set forth in Section 4(a), Employee shall immediately return to XOMA all documents, telephones, computers, keys, credit cards, other property and records of XOMA, and all copies, within Employee's possession, custody or control.

(g) Release of Claims. As a condition of entering into this Agreement and receiving the severance benefits set forth in Sections 4(a), Employee shall execute and deliver to XOMA a release of claims in favor of XOMA substantially in the form attached hereto as Exhibit A (the "Release Agreement") within the timeframe set forth in the Release Agreement, but not later than forty-five (45) days following Employee's employment termination date, and allow the Release Agreement to become effective according to its terms (by not invoking any legal right to revoke it) within any applicable time period set forth in the Release Agreement.

5. Golden Parachute Excise Tax.

(a) In the event that the benefits provided for in this Agreement or otherwise with respect to a Change of Control occurring on or before February 10, 2019, constitute "parachute payments" under Section 280G of the Code that are subject to the excise tax imposed by Section 4999 of the Code ("Excise Tax"), then Employee shall receive (i) a one-time payment from XOMA sufficient to pay such Excise Tax ("Excise Tax Gross-Up"), and (ii) an additional one-time payment from XOMA sufficient to pay the additional excise tax and federal, state and local income and employment taxes arising from the Excise Tax Gross-Up made to Employee under this Section 5 ("Additional Gross-Up"). Unless the Parties otherwise agree in writing, the determination of Employee's Excise Tax liability and amount to be paid under this Section 5(a) shall be made in writing in good faith by XOMA's independent public accountants immediately prior to the Change of Control ("Accountants"). The initial Excise Tax Gross-Up and Additional Gross-Up payments shall either be (x) paid to Employee no later than ten days prior to the due date for the payment of any excise tax, or (y) paid to the Internal Revenue Service ("IRS") on behalf of Employee no later than the due date for the payment of any Excise Tax. In the event that the Excise Tax incurred by Employee is determined by the IRS to be greater or lesser than the amount so determined by the Accountants, the Parties agree to promptly (but in no event later than the end of the calendar year in which the applicable taxes are paid to (or received from) the IRS) make such additional payment, including interest and any tax penalties, to the other Party as the Accountants reasonably determine is appropriate.

(b) In the event that the benefits provided for in this Agreement or otherwise with respect to a Change of Control occurring after February 10, 2019 (each, a "280G Payment"), would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code, and (ii) but for this sentence, be subject to the Excise Tax, then any such 280G Payment provided

pursuant to this Agreement (a "Payment") shall be equal to the Reduced Amount. The "Reduced Amount" shall be either (x) the largest portion of the Payment that would result in no portion of the Payment (after reduction) being subject to the Excise Tax or (y) the largest portion, up to and including the total, of the Payment, whichever amount (i.e., the amount determined by clause (x) or by clause (y)), after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in Employee's receipt, on an after-tax basis, of the greater economic benefit notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in a Payment is required pursuant to the preceding sentence and the Reduced Amount is determined pursuant to clause (x) of the preceding sentence, the reduction shall occur in the manner (the "Reduction Method") that results in the greatest economic benefit for Employee. If more than one method of reduction will result in the same economic benefit, the items so reduced will be reduced pro rata (the "Pro Rata Reduction Method").

(c) Notwithstanding any provision of Section 5(b) to the contrary, if the Reduction Method or the Pro Rata Reduction Method would result in any portion of the Payment being subject to taxes pursuant to Section 409A that would not otherwise be subject to taxes pursuant to Section 409A, then the Reduction Method and/or the Pro Rata Reduction Method, as the case may be, shall be modified so as to avoid the imposition of taxes pursuant to Section 409A as follows: (A) as a first priority, the modification shall preserve to the greatest extent possible, the greatest economic benefit for Employee as determined on an after-tax basis; (B) as a second priority, Payments that are contingent on future events (*e.g.*, being terminated without Cause), shall be reduced (or eliminated) before Payments that are not contingent on future events; and (C) as a third priority, Payments that are "deferred compensation" within the meaning of Section 409A shall be reduced (or eliminated) before Payments that are not deferred compensation within the meaning of Section 409A.

(d) Unless Employee and XOMA agree on an alternative accounting firm, the Accountants shall perform the foregoing calculations. If the Accountants are serving as accountant or auditor for the individual, entity or group effecting the Change of Control transaction, XOMA shall appoint a nationally recognized accounting firm to make the determinations required by this Section 5. For purposes of making the calculations required by this Section 5, the Accountants may make reasonable assumptions and approximations and may rely on interpretations concerning the application of the Code for which there is a "substantial authority" tax reporting position. The Parties shall furnish such information and documents as the Accountants may reasonably request in order to make a determination under this Section 5. XOMA shall bear all reasonable costs the Accountants incur in connection with calculations contemplated by this Section 5 . XOMA shall use commercially reasonable efforts to cause the Accountants to make the determinations hereunder to provide its calculations, together with detailed supporting documentation, to Employee and XOMA within fifteen (15) calendar days after the date on which Employee's right to a 280G Payment becomes reasonably likely to occur (if requested at that time by Employee or XOMA) or such other time as requested by Employee or XOMA.

(e) If Employee receives a Payment for which the Reduced Amount was determined pursuant to clause (x) of Section 5(b) and the Internal Revenue Service determines thereafter that some portion of the Payment is subject to the Excise Tax, Employee agrees to promptly return to XOMA a sufficient amount of the Payment (after reduction pursuant to clause (x) of Section 5(b)) so that no portion of the remaining Payment is subject to the Excise Tax. For the avoidance of doubt, if the Reduced Amount was determined pursuant to clause (y) of Section 5(b), Employee shall have no obligation to return any portion of the Payment pursuant to the preceding sentence.

6. Binding Agreement. This Agreement shall be binding upon, and inure to the benefit of, the Parties and their respective permitted successors and assigns.

7. Compliance with Section 409A of the Code.

(a) It is intended that this Agreement will comply with Section 409A of the Code and its regulations and guidelines (collectively, "Section 409A"), to the extent the Agreement is subject to Section 409A, and the Agreement shall be interpreted on a basis consistent with such intent. If an amendment of the Agreement is necessary in order for it to comply with Section 409A, the Parties will negotiate in good faith to amend the Agreement in a manner that preserves the original intent of the Parties to the extent reasonably possible. No action or failure to act under this Section 7 shall subject XOMA to any claim, liability, or expense, and XOMA shall not have any obligation to indemnify or otherwise protect Employee from the obligation to pay any taxes, interest or penalties under Section 409A.

(b) With respect to any reimbursement or in-kind benefit arrangements of XOMA and its subsidiaries that constitute deferred compensation for purposes of Section 409A, except as otherwise permitted by Section 409A, the following conditions shall be applicable: (A) the amount eligible for reimbursement, or in-kind benefits provided, under any such arrangement in one calendar year may not affect the amount eligible for reimbursement, or in-kind benefits to be provided, under such arrangement in any other calendar year (except that the benefit plans may impose a limit on the amount that may be reimbursed or paid), (B) any reimbursement must be made on or before the last day of the calendar year following the calendar year in which the expense was incurred, and (C) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit. Whenever payments under this Agreement are to be made in installments, each such installment shall be deemed to be a separate payment for purposes of Section 409A.

8. Notices. Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given upon actual confirmed receipt by mail, courier or email. In the case of Employee, mailed notices shall be addressed to Employee at the home or personal email address that Employee most recently communicated to XOMA in writing. In the case of XOMA, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Secretary.

9. Successors.

(a) XOMA's Successors. Any successor to XOMA (direct or indirect, by purchase, lease, merger, amalgamation, consolidation, liquidation or otherwise) to all or substantially all of XOMA's business or assets shall assume XOMA's obligations under this Agreement and agree expressly to perform XOMA's obligations under this Agreement in the same manner and to the same extent as XOMA would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term "XOMA" shall include any successor to XOMA's business or assets which executes and delivers the assumption agreement described in this Section 9(a) or which becomes bound by the terms of this Agreement by operation of law.

(b) Employee's Successors. Without the written consent of XOMA, Employee shall not assign or transfer this Agreement or any right or obligation under this Agreement to any other person or entity. However, except as otherwise set forth herein, the terms of this Agreement and all rights of Employee shall inure to the benefit of, and be enforceable by, Employee's personal or legal representatives, executors, administrators, successors, heirs, devisees and legatees.

10. Amendment of Agreement. This Agreement may only be modified or amended in a writing signed by Employee and a duly authorized officer of XOMA other than Employee.

11. Waiver. Any party's failure to enforce any provision or provisions of the Agreement will not in any way be construed as a waiver of any such provision or provisions, nor prevent any party from thereafter enforcing each and every other provision of the Agreement. The rights granted to the Parties herein are cumulative and will not constitute a waiver of any party's right to assert all other legal remedies available to it under the circumstances.

12. Severability. In the event any provision of this Agreement is determined to be invalid or unenforceable, in whole or in part, this determination shall not affect any remaining part of such provision or any other provision of this Agreement and the provision in question shall be modified so as to be rendered enforceable in a manner consistent with the intent of the Parties insofar as possible under applicable law.

13. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California without regard to conflicts of law principles. Employee expressly consents to personal jurisdiction and venue in the state and federal courts for Alameda County, California for any lawsuit filed there against Employee by XOMA arising from or related to this Agreement.

14. Fees and Costs. The Parties shall each bear their own costs, expert fees, attorneys' fees and other fees incurred in connection with this Agreement.

15. Counterparts. This Agreement may be executed in counterparts which shall be deemed to be part of one original, and facsimile and electronic signatures shall be equivalent to original signatures.

16. Effect of Prior Agreements. This Agreement, together with the Employment Agreement, forms the complete and exclusive embodiment of the entire agreement between the Parties with regard to this subject matter, and supersedes and replaces any other agreements or promises made to Employee by anyone, whether oral or written (including but not limited to the Prior Agreement).

COMPANY: **XOMA CORPORATION**

By: **/s/** Jack L. Wyszomierski
Jack L. Wyszomierski
Director and Chairman of the
Compensation Committee

EMPLOYEE: /s/ Thomas Burns
Thomas Burns

EXHIBIT A

FORM RELEASE OF CLAIMS AGREEMENT

This Release of Claims Agreement ("Release Agreement") is entered into between XOMA Corporation ("XOMA") and Thomas Burns ("Employee"). XOMA and Employee (collectively, the "Parties") are parties to an Amended and Restated Change of Control Severance Agreement effective August 7, 2017 ("CoC Agreement") and agree as follows:

1. Termination. Employee's employment with XOMA terminated on _____, 20__.

2. Release of Claims. In exchange for the compensation, benefits and other consideration to be provided to Employee under the CoC Agreement that Employee is not otherwise entitled to receive, Employee hereby generally and completely releases XOMA and XOMA (US) LLC, and their past and present officers, agents, directors, employees, investors, shareholders, administrators, partners, attorneys, agents, insurers, affiliates, divisions, subsidiaries, parents, predecessor and successor corporations, and assigns (collectively, the "Released Parties"), from, and agrees not to sue or otherwise institute any legal or administrative proceedings concerning, any and all claims, duties, liabilities, obligations and causes of action, both known and unknown, that arise out of or are in any way related to events, acts, conduct or omissions occurring prior to or on the date Employee signs this Release Agreement (collectively, the "Released Claims").

The Released Claims include but are not limited to:

(a) all claims arising out of or in any way related to Employee's employment with XOMA or the termination of that employment;

(b) all claims related to compensation or benefits from XOMA, including salary, bonuses, commissions, vacation, paid time off, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership, equity or profits interests in XOMA (including but not limited to any right to purchase, or actual purchase, of shares of stock of XOMA);

(c) all claims for breach of contract, wrongful termination and breach of the implied covenant of good faith and fair dealing;

(d) all tort claims, including claims for fraud, defamation, emotional distress and discharge in violation of public policy;

(e) all federal, state and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys' fees or other claims arising under the Federal Civil Rights Act of 1964, the federal Civil Rights Act of 1991, the federal Age Discrimination in Employment Act of 1967 (the "ADEA"), the federal Americans with Disabilities Act of 1990, the federal Fair Labor Standards Act, the federal the Employee Retirement Income Security Act of 1974, the federal Worker Adjustment and Retraining Notification Act, the California Fair Employment and Housing Act and the California Labor Code, and all amendments to and regulations issued under each such statute;

(f) all claims for violation of the federal or any state constitution;

(g) all claims arising out of any other laws and regulations relating to employment or employment discrimination; and

(h) all claims for attorneys' fees and costs.

3. Acknowledgment of Waiver of Claims under ADEA. Employee acknowledges that Employee is knowingly and voluntarily waiving and releasing any rights Employee may have under the ADEA, and that the consideration given for the waiver and release in this Section 3 is in addition to anything of value to which Employee is already entitled. Employee further acknowledges that Employee has been advised, as required by the ADEA, that: (a) Employee's waiver and release do not apply to any rights or claims that may arise after the date Employee signs this Release Agreement; (b) Employee should consult with an attorney prior to signing this Release Agreement (although Employee may choose voluntarily not to do so); (c) Employee has twenty-one (21) days to consider this Release Agreement (although Employee may choose voluntarily to sign it earlier); (d) Employee has seven (7) days following the date Employee signs this Release Agreement to revoke the Release Agreement (by providing written notice of Employee's revocation to the Legal Department at XOMA); and (e) this Release Agreement will not be effective until the date upon which the revocation period has expired, which will be the eighth (8th) day after the date that this Release Agreement is signed by Employee provided that Employee does not revoke it (the "Effective Date").

4. Waiver of Unknown Claims. In giving the releases set forth in this Release Agreement, which include claims which may be unknown to Employee at present, Employee acknowledges that Employee has read and understands Section 1542 of the California Civil Code which reads as follows:

> **A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.**

Employee hereby expressly waives and relinquishes all rights and benefits under that section and any law or legal principle of similar effect in any jurisdiction with respect to Employee's release of claims herein, including but not limited to the release of unknown and unsuspected claims.

5. Excluded Claims. Notwithstanding the foregoing, the following are not included in the Released Claims (the "Excluded Claims"): (a) any rights or claims for indemnification Employee may have pursuant to any written indemnification agreement with XOMA to which Employee is a party or under applicable law; (b) any rights which cannot be waived as a matter of law; (c) any rights Employee has to file or pursue a claim for workers' compensation or unemployment insurance; and (d) any claims for breach of the CoC Agreement or this Release Agreement. **In addition, nothing in this Release Agreement prevents Employee from filing, cooperating with or participating in any proceedings before the Equal Employment**

Opportunity Commission, the Department of Labor, the California Department of Fair Employment and Housing or any analogous federal or state government agency, except that Employee acknowledges and agrees that Employee hereby waives Employee's right to any monetary benefits in connection with any such claim, charge or proceeding. Employee represents and warrants that, other than the Excluded Claims, Employee is not aware of any claims Employee has or might have against any of the Released Parties that are not included in the Released Claims.

6. Representations. Employee represents that Employee has been paid all compensation owed and for all time worked; Employee has received all the leave and leave benefits and protections for which Employee is eligible pursuant to the federal Family and Medical Leave Act, the California Family Rights Act, any applicable law or XOMA policy; and Employee has not suffered any on the job injury for which Employee has not already filed a workers' compensation claim.

7. Confidentiality. The provisions of this Release Agreement shall be held in strictest confidence by Employee and shall not be publicized or disclosed in any manner whatsoever; *provided*, *however*, that: (a) Employee may disclose this Release Agreement in confidence to Employee's immediate family; (b) Employee may disclose this Release Agreement in confidence to Employee's attorneys, accountants, auditors, tax preparers and financial advisors; and (c) Employee may disclose this Release Agreement insofar as such disclosure may be necessary to enforce its terms or as otherwise required by law. In particular, and without limitation, Employee agrees not to disclose the terms of this Release Agreement to any current or former employee, consultant or independent contractor of XOMA.

8. Nondisparagement. Employee agrees not to disparage XOMA, and XOMA's officers, directors, employees, shareholder, members and agents, in any manner likely to be harmful to them or their business, business reputation or personal reputation. Similarly, Employee understands that XOMA agrees to direct its directors and officers not to disparage Employee in any manner likely to be harmful to Employee's business reputation or personal reputation. Nothing in this provision, however, shall prevent either Employee or XOMA from responding accurately and fully to any request for information if required by legal process or in connection with a government investigation. In addition, nothing in this provision or this Release Agreement is intended to prohibit or restrain Employee in any manner from making disclosures that are protected under the whistleblower provisions of federal law or regulation or under other applicable law or regulation.

9. No Voluntary Adverse Action. Employee agrees that Employee will not voluntarily provide assistance, information or advice, directly or indirectly (including through agents or attorneys), to any person or entity in connection with any proposed or pending litigation, arbitration, administrative claim, cause of action, or other formal proceeding of any kind brought against XOMA, its parent or subsidiary entities, affiliates, officers, directors, employees or agents, nor shall Employee induce or encourage any person or entity to bring any such claims; *provided*, *however*, that Employee must respond accurately and truthfully to any question, inquiry or request for information when required by legal process (e.g., a valid subpoena or other similar compulsion of law) or as part of a government investigation.

10. Return of XOMA Property; Compliance with Proprietary Information Agreement. Employee represents that Employee has complied fully with Section 4(f) of the CoC Agreement and the provisions of Employee's Employee Confidential Information and Invention Assignment Agreement with XOMA (the "Confidentiality Agreement"), and further agrees to continue to abide by Employee's continuing obligations under the Confidentiality Agreement.

11. Fees and Costs. The Parties shall each bear their own costs, expert fees, attorneys' fees and other fees incurred in connection with this Release Agreement.

12. No Representations. Employee represents that Employee has had the opportunity to consult with an attorney, and has carefully read and understands the scope and effect of the provisions of this Release Agreement. Neither Party has relied upon any representations or statements made by the other Party which are not specifically set forth in this Release Agreement.

13. Severability. In the event any provision of this Release Agreement is determined to be invalid or unenforceable, in whole or in part, this determination shall not affect any remaining part of such provision or any other provision of this Release Agreement and the provision in question shall be modified so as to be rendered enforceable in a manner consistent with the intent of the Parties insofar as possible under applicable law.

14. Entire Agreement. This Release Agreement, together with the CoC Agreement, forms the complete and exclusive embodiment of the entire agreement between the Parties with regard to this subject matter. This Release Agreement may only be modified or amended in a writing signed by Employee and a duly authorized officer of XOMA other than Employee.

15. Governing Law. This Release Agreement shall be construed and enforced in accordance with the laws of the State of California without regard to conflicts of law principles. Employee expressly consents to personal jurisdiction and venue in the state and federal courts for Alameda County, California for any lawsuit filed there against Employee by XOMA arising from or related to this Release Agreement.

16. Counterparts. This Release Agreement may be executed in counterparts which shall be deemed to be part of one original, and facsimile and electronic signatures shall be equivalent to original signatures.

COMPANY:

XOMA CORPORATION

By:**/s/** Jack L. Wyszomierski
Jack L. Wyszomierski
Director and Chairman of the
Compensation Committee

EMPLOYEE:

/s/ Thomas Burns
Thomas Burns

Exhibit 31.1

CERTIFICATION

I, James R. Neal, certify that:

1. I have reviewed this quarterly report on Form 10-Q of XOMA Corporation;

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 officers 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 we 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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

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

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

Date: November 6, 2017

/s/ James R. Neal
James R. Neal
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Thomas Burns, certify that:

1. I have reviewed this quarterly report on Form 10-Q of XOMA Corporation;

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 officers 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 we 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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

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

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

Date: November 6, 2017

/s/ THOMAS BURNS

Thomas Burns

Senior Vice President, Finance, and Chief Financial Officer

Exhibit 32.1

CERTIFICATION

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), James R. Neal, Chief Executive Officer of XOMA Corporation (the "Company"), and Thomas Burns, Chief Financial Officer of the Company, each hereby certifies that, to the best of his or her knowledge:

1. The Company's Quarterly Report on Form 10-Q for the period ended September 30, 2017, to which this Certification is attached as Exhibit 32.1 (the "Periodic Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and

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

IN WITNESS WHEREOF, the undersigned have set their hands hereto as of the 6th day of November 2017.

/s/ James R. Neal

James R. Neal
Chief Executive Officer

/s/ THOMAS BURNS

Thomas Burns
Senior Vice President, Finance, and Chief Financial Officer

This certification accompanies the Form 10-Q 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 XOMA Corporation 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 Form 10-Q), irrespective of any general incorporation language contained in such filing.