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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the Quarterly Period Ended March 31, 2020

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the Transition Period From _____ To _____

Commission file number: 001-37620

KURA ONCOLOGY, INC.

(Exact name of registrant as specified in its charter)

Delaware	**61-1547851**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**
3033 Science Park Road, Suite 220, San Diego, CA	**92121**
(Address of Principal Executive Offices)	**(Zip Code)**

(858) 500-8800
(Registrant's Telephone Number, Including Area Code)

(Former Name, Former Address or Former Fiscal Year If Changed Since Last Report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.0001 per share	KURA	The Nasdaq Global Select Market

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

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

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

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

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

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

As of the close of business on April 30, 2020, the registrant had 45,436,664 shares of Common Stock ($0.0001 par value) outstanding.

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ITEM 1. FINANCIAL STATEMENTS

KURA ONCOLOGY, INC.

Condensed Balance Sheets
(In thousands, except par value data)

	March 31, 2020	December 31, 2019
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 33,811	$ 26,135
Short-term investments	183,124	210,756
Accounts receivable, related party	31	30
Prepaid expenses and other current assets	4,164	2,682
Total current assets	221,130	239,603
Property and equipment, net	805	44
Restricted cash	210	—
Other long-term assets	4,317	2,325
Total assets	$ 226,462	$ 241,972
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 13,554	$ 15,314
Current portion of long-term debt, net	1,000	250
Total current liabilities	14,554	15,564
Long-term debt, net	6,500	7,250
Other long-term liabilities	2,207	377
Total liabilities	23,261	23,191
Stockholders' equity:		
Preferred stock, $0.0001 par value; 10,000 shares authorized; no shares issued and outstanding	—	—
Common stock, $0.0001 par value; 200,000 shares authorized; 45,430 and 45,384 shares issued and outstanding as of March 31, 2020 and December 31, 2019, respectively	5	5
Additional paid-in capital	434,722	431,322
Accumulated other comprehensive income	561	331
Accumulated deficit	(232,087)	(212,877)
Total stockholders' equity	203,201	218,781
Total liabilities and stockholders' equity	$ 226,462	$ 241,972

See accompanying notes to unaudited condensed financial statements.

KURA ONCOLOGY, INC.
Condensed Statements of Operations and Comprehensive Loss
(In thousands, except per share data)
(Unaudited)

	Three Months Ended March 31,	
	2020	**2019**
Operating Expenses:		
Research and development (includes related party amounts of $132 and $53 for the three months ended March 31, 2020 and 2019, respectively)	$ 12,575	$ 10,382
General and administrative (includes related party amounts of $111 and $87 for the three months ended March 31, 2020 and 2019, respectively)	7,625	4,569
Total operating expenses	20,200	14,951
Other Income (Expense):		
Management fee income, related party	15	126
Interest income	1,119	1,030
Interest expense	(144)	(145)
Total other income	990	1,011
Net Loss	$ (19,210)	$ (13,940)
Net loss per share, basic and diluted	$ (0.42)	$ (0.37)
Weighted average number of shares used in computing net loss per share, basic and diluted	45,411	38,168
Comprehensive Loss:		
Net loss	$ (19,210)	$ (13,940)
Other comprehensive income:		
Unrealized gain on marketable securities and foreign currency	230	149
Comprehensive Loss	$ (18,980)	$ (13,791)

See accompanying notes to unaudited condensed financial statements.

KURA ONCOLOGY, INC.
Condensed Statements of Stockholders' Equity
(In thousands)
(Unaudited)

	Common Stock		Additional Paid-In	Accumulated Other Comprehensive	Accumulated	Total Stockholders'
	Shares	Par Value	Capital	Income (Loss)	Deficit	Equity
Balance at December 31, 2019	45,384	$ 5	$ 431,322	$ 331	$ (212,877)	$ 218,781
Share-based compensation expense	—	—	3,153	—	—	3,153
Issuance of common stock from exercise of options	46	—	247	—	—	247
Other comprehensive income	—	—	—	230	—	230
Net loss	—	—	—	—	(19,210)	(19,210)
Balance at March 31, 2020	45,430	$ 5	$ 434,722	$ 561	$ (232,087)	$ 203,201

	Common Stock		Additional Paid-In	Accumulated Other Comprehensive	Accumulated	Total Stockholders'
	Shares	Par Value	Capital	Income (Loss)	Deficit	Equity
Balance at December 31, 2018	38,148	$ 4	$ 310,849	$ (131)	$ (149,737)	$ 160,985
Share-based compensation expense	—	—	2,269	—	—	2,269
Issuance of common stock from exercise of options	21	—	102	—	—	102
Other comprehensive income	—	—	—	149	—	149
Net loss	—	—	—	—	(13,940)	(13,940)
Balance at March 31, 2019	38,169	$ 4	$ 313,220	$ 18	$ (163,677)	$ 149,565

See accompanying notes to unaudited condensed financial statements.

KURA ONCOLOGY, INC.
Condensed Statements of Cash Flows
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2020	**2019**
Operating Activities		
Net loss	$ (19,210)	$ (13,940)
Adjustments to reconcile net loss to net cash used in operating activities:		
Share-based compensation expense	3,153	2,269
Amortization of premium and accretion of discount on marketable securities, net	(110)	(540)
Changes in operating assets and liabilities:		
Accounts receivable, related party	(1)	45
Prepaid expenses and other current assets	(1,482)	146
Other long-term assets	160	(182)
Accounts payable and accrued expenses	(2,391)	(2,065)
Other long-term liabilities	59	16
Net cash used in operating activities	(19,822)	(14,251)
Investing Activities		
Maturities and sales of marketable securities	39,246	66,656
Purchases of marketable securities	(11,274)	(50,848)
Purchases of property and equipment	(511)	—
Net cash provided by investing activities	27,461	15,808
Financing Activities		
Proceeds from exercise of stock options	247	102
Net cash provided by financing activities	247	102
Net increase in cash, cash equivalents and restricted cash	7,886	1,659
Cash, cash equivalents and restricted cash at beginning of period	26,135	16,119
Cash, cash equivalents and restricted cash at end of period	$ 34,021	$ 17,778

See accompanying notes to unaudited condensed financial statements.

1. Organization and Basis of Presentation

The Company

Kura Oncology, Inc. is a clinical-stage biopharmaceutical company committed to realizing the promise of precision medicines for the treatment of cancer. Our pipeline consists of small molecule product candidates that target cancer signaling pathways where there is a strong scientific and clinical rationale to improve outcomes, and we intend to pair them with molecular or cellular diagnostics to identify those patients most likely to respond to treatment. We plan to advance our product candidates through a combination of internal development and strategic partnerships while maintaining significant development and commercial rights.

References in these Notes to Unaudited Condensed Financial Statements to the "Company," "we," "our" or "us," refer to Kura Oncology, Inc.

Basis of Presentation

The accompanying unaudited condensed financial statements should be read in conjunction with the audited financial statements and notes thereto in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019, as filed with the Securities and Exchange Commission on February 25, 2020, from which we derived our balance sheet as of December 31, 2019. The accompanying unaudited condensed financial statements have been prepared in accordance with U.S. generally accepted accounting principles, or GAAP, for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, since they are interim statements, the accompanying unaudited condensed financial statements do not include all of the information and notes required by GAAP for complete financial statements. The accompanying unaudited condensed financial statements reflect all adjustments, consisting of normal recurring adjustments, that are, in the opinion of our management, necessary to a fair statement of the results for the interim periods presented. Interim results are not necessarily indicative of results for a full year.

The preparation of the unaudited condensed financial statements in accordance with GAAP requires our management to make estimates and assumptions that affect the amounts reported on our unaudited condensed financial statements and accompanying notes. The amounts reported could differ under different estimates and assumptions. On an ongoing basis, we evaluate our estimates and judgments, which are based on historical and anticipated results and trends and on various other assumptions that management believes to be reasonable under the circumstances. Though the impact of the COVID-19 pandemic to our business and operating results presents additional uncertainty, we continue to use the best information available to inform our critical accounting estimates. By their nature, estimates are subject to an inherent degree of uncertainty and, as such, actual results may differ from management's estimates.

The extent to which the COVID-19 pandemic may impact our business will depend on future developments, which are highly uncertain and cannot be predicted with any confidence, such as the duration and severity of the COVID-19 pandemic, steps required or mandated by governments to mitigate the impact of COVID-19 or the effectiveness of actions to prevent, contain and treat COVID-19, particularly in the geographies where we, our third party manufacturers, contract research organizations or current and planned clinical trial sites operate. We cannot presently predict the scope and severity of any potential business disruptions, interruptions or shutdowns. If we or any of the third parties with whom we engage, however, were to experience shutdowns or other business disruptions, our ability to conduct our business in the manner and on the timelines presently planned could be materially and negatively affected, which could have a material adverse impact on our business and our results of operation and financial condition.

2. Summary of Significant Accounting Policies

Reclassifications

Certain prior period balances have been reclassified to conform to the current period presentation.

Restricted Cash

Under the terms of an office lease entered into in March 2020, we are required to maintain a standby letter of credit during the term of the lease. As of March 31, 2020, restricted cash of $0.2 million was pledged as collateral for the letter of credit.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the unaudited condensed balance sheets that sum to the total of the amounts shown in the unaudited condensed statements of cash flows, in thousands:

	March 31, 2020	December 31, 2019	March 31, 2019	December 31, 2018
Cash and cash equivalents	$ 33,811	$ 26,135	$ 17,778	$ 16,119
Restricted cash	210	—	—	—
Total	$ 34,021	$ 26,135	$ 17,778	$ 16,119

Net Loss per Share

Net loss per common share is calculated by dividing the net loss by the weighted-average number of common shares outstanding for the period, without consideration for common stock equivalents. Diluted net loss per share is calculated by dividing the net loss by the weighted-average number of common shares and common stock equivalents outstanding for the period determined using the treasury-stock method. For purposes of this calculation, outstanding stock options, an outstanding warrant and employee stock purchase plan rights are excluded from the calculation of diluted net loss per common share for the periods presented as their effect would be anti-dilutive. For all periods presented, there is no difference in the number of shares used to calculate basic and diluted shares outstanding due to the antidilutive effect of the securities. More specifically, for the three months ended March 31, 2020 and 2019, outstanding stock options, an outstanding warrant and employee stock purchase plan rights totaling approximately 5,368,000 shares and 4,383,000 shares, respectively, were excluded from the calculation of diluted net loss per share because to do so would be anti-dilutive.

Recent Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update, or ASU, 2016-13, *Financial Instruments-Credit Losses: Measurement of Credit Losses on Financial Instruments*, in order to improve financial reporting of expected credit losses on financial instruments and other commitments to extend credit. ASU 2016-13 requires that an entity measure and recognize expected credit losses for financial assets held at amortized cost and replaces the incurred loss impairment methodology in prior GAAP with a methodology that requires consideration of a broader range of information to estimate credit losses, and establishes additional disclosures related to credit risks. We adopted ASU 2016-13 on January 1, 2020. The adoption of the new standard did not have a material impact on our unaudited condensed financial statements. We will continue to actively monitor the impact of the recent coronavirus (COVID-19) pandemic on expected credit losses.

3. Investments

We invest in available-for-sale securities consisting of money market funds, corporate debt securities, U.S. Treasury securities and commercial paper. Available-for-sale securities are classified as part of either cash and cash equivalents or short-term investments on our unaudited condensed balance sheets.

The following tables summarize, by major security type, our investments that are measured at fair value on a recurring basis, in thousands:

		March 31, 2020			
	Maturities (years)	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Cash equivalents:					
Money market funds	1 or less	$ 30,881	$ —	$ —	$ 30,881
Short-term investments:					
Corporate debt securities	2 or less	84,224	15	(89)	84,150
U.S. Treasury securities	2 or less	71,063	635	—	71,698
Commercial paper	1 or less	27,276	—	—	27,276
Total short-term investments		182,563	650	(89)	183,124
Total		$ 213,444	$ 650	$ (89)	$ 214,005

		December 31, 2019			
	Maturities (years)	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Cash equivalents:					
Money market funds	1 or less	$ 18,445	$ —	$ —	$ 18,445
Short-term investments:					
Corporate debt securities	2 or less	113,466	182	—	113,648
U.S. Treasury securities	2 or less	76,108	149	—	76,257
Commercial paper	1 or less	20,851	—	—	20,851
Total short-term investments		210,425	331	-	210,756
Total		$ 228,870	$ 331	$ —	$ 229,201

The available-for-sale investments are classified as current assets, even though the stated maturity date may be one year or more beyond the current balance sheet date, which reflects management’s intention to use the proceeds from sales of these securities to fund our operations, as necessary. As of March 31, 2020, $173.0 million of our short-term investments had maturities less than one year, and $10.1 million had maturities between one to two years. Realized gains and losses were de minimus for the three months ended March 31, 2020.

We evaluate our available-for-sale debt securities for credit losses when the amortized cost basis exceeds fair value. The credit-related portion of unrealized losses, and any subsequent improvements, are recorded in interest income through an allowance account. Unrealized gains and losses that are not credit-related are included in accumulated other comprehensive income (loss). When evaluating an investment for impairment, we review factors such as the severity of the impairment, changes in underlying credit ratings, forecasted recovery, our intent to sell or the likelihood that we would be required to sell the investment before its anticipated recovery in market value and the probability that the scheduled cash payments will continue to be made. We recorded no allowance for credit losses in the statement of operations and comprehensive loss during the three months ended March 31, 2020.

4. Fair Value Measurements

As of March 31, 2020 and December 31, 2019, we had cash equivalents and short-term investments measured at fair value on a recurring basis. Available-for-sale marketable securities consist of U.S. Treasury securities, which were measured at fair value using Level 1 inputs, and corporate debt securities and commercial paper, which were measured at fair value using Level 2 inputs. We determine the fair value of Level 2 related securities with the aid of valuations provided by third parties using proprietary valuation models and analytical tools. These valuation models and analytical tools use market pricing or prices for similar instruments that are both objective and publicly available, including matrix pricing or reported trades, benchmark yields, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids and/or offers. We validate the fair values of Level 2 financial instruments by comparing these fair values to a third-party pricing source.

The following tables summarize, by major security type, our cash equivalents and short-term investments that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy, in thousands:

	March 31, 2020		
	Balance	Level 1	Level 2
Cash equivalents:			
Money market funds	$ 30,881	$ 30,881	$ —
Short-term investments:			
Corporate debt securities	84,150	—	84,150
U.S. Treasury securities	71,698	71,698	—
Commercial paper	27,276	—	27,276
Total short-term investments	183,124	71,698	111,426
Total	$ 214,005	$ 102,579	$ 111,426

	December 31, 2019		
	Balance	Level 1	Level 2
Cash equivalents:			
Money market funds	$ 18,445	$ 18,445	$ —
Short-term investments:			
Corporate debt securities	113,648	—	113,648
U.S. Treasury securities	76,257	76,257	—
Commercial paper	20,851	—	20,851
Total short-term investments	210,756	76,257	134,499
Total	$ 229,201	$ 94,702	$ 134,499

We believe that our term loan facility bears interest at a rate that approximates prevailing market rates for instruments with similar characteristics and, accordingly, the carrying value of the term loan facility approximates fair value. The fair value of our term loan facility is determined using Level 2 inputs in the fair value hierarchy.

5. Balance Sheet Detail

Property and equipment consisted of the following, in thousands:

	March 31, 2020	December 31, 2019
Computer software and equipment and laboratory equipment	$ 136	$ 136
Furniture and fixtures	511	—
Leasehold improvements	250	—
Property and equipment, gross	897	136
Less: accumulated depreciation	(92)	(92)
Property and equipment, net	$ 805	$ 44

Furniture and fixtures and leasehold improvements are being constructed for our new office facilities and have not been placed into service as of March 31, 2020.

Accounts payable and accrued liabilities consisted of the following, in thousands:

	March 31, 2020	December 31, 2019
Accounts payable	$ 2,453	$ 3,526
Accrued research and development expenses	7,052	6,970
Accrued compensation and benefits	2,088	3,694
Other accrued expenses	1,961	1,124
Total accounts payable and accrued expenses	$ 13,554	$ 15,314

6. Leases

We have a sublease with a related party for office space in San Diego, California, or Sublease, and a lease for office space in Cambridge, Massachusetts, that existed before January 1, 2019 and were classified as operating leases. In March 2019, the Sublease was amended to extend the expiration date from October 31, 2019 to April 30, 2020 with the monthly rent increased from approximately $16,000 to approximately $24,000 per month effective November 1, 2019. In April 2020, the Sublease was amended to extend the expiration date from April 30, 2020 to June 30, 2020 with no change to the amount of monthly rent. See Note 8, Related Party Transactions, for further details of the Sublease.

In January 2020, we entered into an office lease agreement for our future corporate offices in San Diego, California, or San Diego Lease, which would have commenced on May 1, 2020. In May 2020, the commencement date has subsequently been amended to August 1, 2020, as described in Note 9, Subsequent Events. The San Diego Lease term is five years and four months and provides for a one-time option to extend for a period of five additional years. The monthly base rent is approximately $58,000 for the first year, which amount will increase by 3.0% per year over the initial term. In addition, the lease is subject to charges for common area maintenance and other costs. The lease provides four month rent abatement periods during the first year of the lease and approximately $1.0 million in reimbursement for allowable tenant improvements, which effectively reduce the total lease payments owed for the lease. The San Diego Lease is considered to be an operating lease. For accounting purposes, the lease commencement date was determined to be March 2020 when we had control of the office space. We recorded operating lease right-of-use, or ROU, asset and operating lease liability of approximately $2.2 million on our unaudited condensed balance sheet.

In March 2020, we entered into a lease for office space in Boston, Massachusetts, or the Boston Lease, commencing on April 1, 2020 and expiring on July 31, 2024. The lease provides for one option to extend the lease for a period of five additional years. The monthly base rent will be approximately $105,500 for the first year, which amount will increase by 2.0% per year over the initial term. In addition to base monthly rent, we will be obligated to pay for common area maintenance and other costs. Under the terms of the Boston Lease, we are required to maintain a standby letter of credit of approximately $0.2 million during the term of the lease. As of March 31, 2020, we had not taken control of the space and the lease term had not commenced; therefore, no ROU asset or lease liability has been recorded.

Maturities of lease liabilities as of March 31, 2020 are as follows, in thousands:

Year Ending December 31,	
2020 (remaining)*	$ (739)
2021	706
2022	728
2023	749
2024	772
2025	527
Total lease payments	2,743
Less: imputed interest	(526)
Total operating lease liabilities	$ 2,217

* Includes tenant incentives of $1.0 million to be received from the landlord in 2020.

As of December 31, 2019, we had remaining lease liabilities of approximately $0.3 million which will mature in 2020. ROU assets are recorded in other long-term assets on our unaudited condensed balance sheets. Current and non-current lease

liabilities are recorded in accounts payable and accrued expenses and other long-term liabilities, respectively, on our unaudited condensed balance sheets. As of March 31, 2020 and December 31, 2019, total operating lease ROU assets were $2.2 million and $0.2 million, respectively. As of March 31, 2020 and December 31, 2019, total operating lease liabilities were $2.2 million and $0.3 million, respectively, $1.8 million of which was recorded as noncurrent lease liability as of March 31, 2020. As of March 31, 2020 and December 31, 2019, the weighted-average discount rate was 5.6% and 6.5%, respectively. As of March 31, 2020 and December 31, 2019, the weighted-average remaining lease term was 5.2 years and 0.5 years, respectively.

Total cash paid for amounts included in the measurement of lease liabilities was $0.2 million and $0.1 million for the three months ended March 31, 2020 and 2019, respectively. ROU assets obtained in exchange for operating lease liabilities were $2.2 million and $0.7 million for the three months ended March 31, 2020 and 2019, respectively.

Total operating lease expense was approximately $0.2 million and $0.1 million for the three months ended March 31, 2020 and 2019, respectively. We have entered into short-term operating leases that are not recorded on the unaudited condensed balance sheet. Total rent expense of all operating leases for the three months ended March 31, 2020 and 2019 was approximately $0.3 million and $0.1 million, respectively.

7. Share-Based Compensation

The following table summarizes share-based compensation expense for all share-based compensation arrangements, in thousands:

	Three Months Ended March 31,	
	2020	2019
Research and development	$ 1,170	$ 797
General and administrative	1,983	1,472
Total share-based compensation expense	$ 3,153	$ 2,269

As of March 31, 2020, unrecognized compensation costs related to employee stock options was approximately $30.5 million, which is expected to be recognized over a weighted average period of approximately 3.0 years.

8. Related Party Transactions

Our president and chief executive officer is also the sole managing member of Araxes Pharma LLC, or Araxes, and is a significant stockholder of each of us and Araxes. The following is a summary of related party transactions for the three months ended March 31, 2020 and 2019:

- *Facility Sublease*

  We subleased office space in San Diego, California from Araxes pursuant to the Sublease. The Sublease commenced in June 2017 and would have expired on October 31, 2019. In March 2019, the Sublease was amended to extend until April 30, 2020, and the monthly rent increased to approximately $24,000 per month effective November 1, 2019, corresponding to the increase in Araxes' monthly rent. In April 2020, the Sublease was amended to extend the expiration date to June 30, 2020 with no change to the amount of monthly rent. For the three months ended March 31, 2020 and 2019, rent expense, including operating costs, related to our sublease was approximately $0.1 million in both periods.

- *Management Fees*

  We have a management services agreement with Araxes pursuant to which Araxes pays us monthly fees for management services calculated based on costs incurred by us in the provision of services to Araxes, plus a reasonable mark-up. For the three months ended March 31, 2020 and 2019, we recorded approximately $0.1 million in management fee income in both periods. In addition, the agreement allows for Araxes to reimburse us an amount equal to the number of full-time equivalents, or FTE, performing research and development services for Araxes, at an annual FTE rate of approximately $382,000, plus actual expenses as reasonably incurred. The initial term of this agreement expired on December 31, 2015 but, pursuant to the terms of the agreement, renews automatically for additional consecutive one-year periods. The agreement may be terminated by either party with a notice of at least 30 days prior to the expiration of the then-renewal term. For the three months ended March 31, 2020 and 2019, we recorded reimbursements of nil and approximately $0.1 million, respectively, for research and development services

provided to Araxes, which was recorded as a reduction to research and development expenses, on our unaudited condensed statements of operations and comprehensive loss. As of March 31, 2020 and December 31, 2019, approximately $0.1 million in both periods related to management fees and reimbursements of research and development services, which are included in accounts receivable, related party on our unaudited condensed balance sheets.

- *Services Agreement*

  We have a services agreement with Wellspring Biosciences, Inc., or Wellspring, pursuant to which we pay Wellspring for research and development services provided to us in an amount equal to the number of FTE's performing the services, at an annual FTE rate of $400,000, plus actual expenses as reasonably incurred. The initial term of this services agreement expired on December 31, 2015 but, pursuant to the terms of the agreement, renews automatically for additional consecutive one-year periods. The agreement may be terminated by either party with a notice of at least 30 days prior to the expiration of the then-renewal term. For the three months ended March 31, 2020 and 2019, we recognized approximately $0.1 million in both periods, from research and development services provided to us under this agreement as research and development expense on our unaudited condensed statements of operations and comprehensive loss. As of March 31, 2020 and December 31, 2019, approximately $0.1 million and nil, respectively, related to research and development services under this agreement, which are included in accounts payable and accrued expenses on our unaudited condensed balance sheets.

9. Subsequent Events

On April 3, 2020, we entered into the First Amendment to Loan and Security Agreement with Silicon Valley Bank to extend the additional draw period. Under the terms of the loan and security agreement, as amended, we may, at our sole discretion, borrow up to an additional $12.5 million at any time until November 30, 2020.

On April 22, 2020, we entered into a Second Amendment to Sublease with Araxes to extend the expiration of the Sublease to June 30, 2020.

On May 2, 2020, we entered into a First Amendment to the San Diego Lease, to amend the commencement date from May 1, 2020 to August 1, 2020.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed financial statements and related notes included in this Quarterly Report on Form 10-Q, or Quarterly Report, and the audited financial statements and notes thereto as of and for the fiscal year ended December 31, 2019 and the related Management's Discussion and Analysis of Financial Condition and Results of Operations, both of which are contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019 filed with the Securities and Exchange Commission, or SEC, on February, 25, 2020.

This Quarterly Report includes forward-looking statements and information within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, which are subject to the "safe harbor" created by those sections, that involve a number of risks, uncertainties and assumptions. These forward-looking statements can generally be identified as such because the context of the statement will include words such as "may," "will," "intend," "plan," "believe," "anticipate," "expect," "seek", "estimate," "predict," "potential," "continue," "likely," or "opportunity," the negative of these words or other similar words. Similarly, statements that describe our plans, strategies, intentions, expectations, objectives, goals or prospects and other statements that are not historical facts are also forward-looking statements. For such statements, we claim the protection of the Private Securities Litigation Reform Act of 1995. Readers of this Quarterly Report are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the time this Quarterly Report was filed with the SEC. These forward-looking statements are based largely on our expectations and projections about future events and future trends affecting our business, and are subject to risks and uncertainties that could cause actual results to differ materially from those anticipated in the forward-looking statements. These risks and uncertainties include, without limitation, the risk factors identified in our SEC reports, including this Quarterly Report. In addition, past financial or operating performance is not necessarily a reliable indicator of future performance, and you should not use our historical performance to anticipate results or future period trends. We can give no assurances that any of the events anticipated by the forward-looking statements will occur or, if any of them do, what impact they will have on our results of operations and financial condition. Except as required by law, we undertake no obligation to update publicly or revise our forward-looking statements.

References to "we," "us" and "our" refer to Kura Oncology, Inc.

Overview

We are a clinical-stage biopharmaceutical company committed to realizing the promise of precision medicines for the treatment of cancer. Our pipeline consists of small molecule product candidates that target cancer signaling pathways where there is a strong scientific and clinical rationale to improve outcomes, and we intend to pair them with molecular or cellular diagnostics to identify those patients most likely to respond to treatment. We plan to advance our product candidates through a combination of internal development and strategic partnerships while maintaining significant development and commercial rights.

Our lead product candidate, tipifarnib, is a potent, selective and orally bioavailable inhibitor of farnesyl transferase. Tipifarnib was previously studied in more than 5,000 cancer patients and demonstrated compelling and durable anti-cancer activity in certain patients with a manageable side effect profile. We are currently evaluating tipifarnib in multiple solid tumor and hematologic indications.

Our most advanced solid tumor indication for tipifarnib is in patients with head and neck squamous cell carcinoma, or HNSCC, that carry mutations in the HRAS gene. In September 2017, we reported that our ongoing proof-of-concept Phase 2 clinical trial of tipifarnib in patients with HRAS mutant relapsed or refractory HNSCC, or RUN-HN, achieved its primary efficacy endpoint. In October 2018, we reported updated data from RUN-HN showing a significant association between tumor HRAS mutant allele frequency and clinical benefit from tipifarnib. Based upon these observations, we introduced a minimum HRAS mutant variant allele frequency as an entry criterion in the RUN-HN trial. Following feedback from the U.S. Food and Drug Administration, or the FDA, and other regulatory authorities, we initiated a global, multi-center, open-label, non-comparative registration-directed clinical trial of tipifarnib in HRAS mutant HNSCC in November 2018. The clinical trial has two cohorts: a treatment cohort, which we call AIM-HN, and a prospective observational cohort, which we call SEQ-HN. AIM-HN is presently designed to enroll at least 59 evaluable HNSCC patients who have received prior platinum-based therapy. On December 16, 2019, we reported that the FDA granted Fast Track Designation to tipifarnib for the treatment of patients with HRAS mutant HNSCC after progression on platinum therapy.

On May 4, 2020, we announced that we intend to amend AIM-HN to enable enrollment of patients with any HRAS mutation in order to assess the potential for clinical benefit in the overall HRAS mutant HNSCC population. As result, we anticipate AIM-HN will ultimately be designed to enroll additional evaluable HNSCC patients. Our expected amendments to AIM-HN would not change the primary outcome measure of objective response rate in patients with high HRAS mutant variant allele frequency. As a result of the COVID-19 pandemic and the anticipated additional patients in the trial, we anticipate we will face delays in our timelines and milestones for the AIM-HN trial and, accordingly, are unable to reasonably forecast at this time when our AIM-HN trial will become fully enrolled.

Our second product candidate is KO-539, a potent, selective, reversible and oral small molecule inhibitor of the mixed-lineage leukemia 1, or MLL1, gene (now renamed Lysine K-specific MethylTransferase 2A, or KMT2A), or menin-KMT2A(MLL), protein-protein interaction. We have generated preclinical data that support the potential anti-tumor activity of KO-539 in genetically defined subsets of acute leukemia, including those with rearrangements or partial tandem duplications in the MLL gene as well as those with oncogenic driver mutations in genes such as nucleophosmin 1, or NPM1. The novel mechanism of action targets epigenetic dysregulation and removes a key block to cellular differentiation to drive anti-tumor activity. We believe KO-539 has the potential to address approximately 35% of acute myeloid leukemia, or AML, including NPM1-mutant AML and KMT2A(MLL)-rearranged AML. In the pediatric population, KMT2A(MLL)-rearranged leukemias make up approximately 10% of acute leukemias in all age groups and in the case of infant leukemias, the incidence of KMT2A(MLL) rearrangements is 70–80%. These pediatric leukemia sub-types portend a poorer prognosis and five-year survival rate than other sub-types and therefore represent significant unmet medical needs given the lack of curative therapeutic options.

We received orphan drug designation for KO-539 for the treatment of acute myeloid leukemia, or AML, from the FDA in July 2019. We initiated our Phase 1/2A clinical trial of KO-539 in relapsed or refractory AML in September 2019 and are actively recruiting at multiple sites in the U.S. and France with the anticipation of expanding worldwide. Our menin-MLL Phase 1/2A clinical trial, which we call the Kura Oncology Menin-MLL Trial, or KOMET-001, has an accelerated design and will determine a recommended Phase 2 dosing, or RP2D, using a modified toxicity probability interval, or MTPI, model. We are seeking to achieve a RP2D for KO-539 with the potential to enrich in NPM1-mutant AML and MLL-rearranged genetically defined subgroups by the end of 2020. We have issued and pending composition of matter patents in the United States and other major markets, which are anticipated to provide protection to at least 2036.

Other Clinical Developments

On May 4, 2020, we announced the suspension and termination of certain development activities due to a pipeline prioritization review. These changes included suspension of the initiation of a planned registration directed study for tipifarnib in T-cell lymphoma, suspension of a planned Phase 2 clinical trial for tipifarnib in pancreatic cancer and termination of our KO-947 extracellular signal related kinase, or ERK, inhibitor program.

Liquidity Overview

As of March 31, 2020, we had cash, cash equivalents and short-term investments of $216.9 million. We have a term loan facility with Silicon Valley Bank under which we may, at our sole discretion, borrow up to an additional $12.5 million at any time until November 30, 2020. In addition, we have an at-the-market issuance sales agreement with SVB Leerink LLC and Stifel, Nicolaus & Company, Incorporated, or ATM facility, under which we may offer and sell, from time to time, at our sole discretion, shares of our common stock having an aggregate offering price of up to $75.0 million. We have not yet sold any shares of our common stock under the ATM facility. To date, we have not generated any revenues from product sales, and we do not have any approved products. Since our inception, we have funded our operations primarily through equity and debt financings. We anticipate that we will require significant additional financing in the future to continue to fund our operations as discussed more fully below under the heading “Liquidity and Capital Resources.”

Financial Operations Overview

Research and Development Expenses

We focus on the research and development of our product programs. Our research and development expenses consist of costs associated with our research and development activities including salaries, benefits, share-based compensation and other personnel costs, clinical trial costs, manufacturing costs for non-commercial products, fees paid to external service providers and consultants, facilities costs and supplies, equipment and materials used in clinical and preclinical studies and research and development. All such costs are charged to research and development expense as incurred. Payments that we make in connection with in-licensed technology for a particular research and development project that have no alternative future uses in other research and development projects or otherwise and therefore, no separate economic values, are expensed as research and development costs at the time such costs are incurred. As of March 31, 2020, we have no in-licensed technologies that have alternative future uses in research and development projects or otherwise.

We cannot determine with certainty the timing of initiation, the duration or the completion costs of current or future preclinical studies and clinical trials of our product candidates. At this time, due to the inherently unpredictable nature of preclinical and clinical development, we are unable to estimate with any certainty the costs we will incur and the timelines we will require in the continued development of our product candidates and our other pipeline programs. Clinical and preclinical development timelines, the probability of success and development costs can differ materially from expectations. Our future research and development expenses will depend on the preclinical and clinical success of each product candidate that we develop, as well as ongoing assessments of the commercial potential of such product candidates. In addition, we cannot forecast which product candidates may be subject to future collaborations, when such arrangements will be secured, if at all, and to what degree such arrangements would affect our development plans and capital requirements.

Completion of clinical trials may take several years or more, and the length of time generally varies according to the type, complexity, novelty and intended use of a product candidate. The cost of clinical trials may vary significantly over the life of a project as a result of differences arising during clinical development, including, among others:

- managing the impact of COVID-19 pandemic and related precautions on the operation of our clinical trials;
- per patient clinical trial costs;
- the number of clinical trials required for approval;
- the number of sites included in the clinical trials;
- the length of time required to enroll suitable patients;
- the number of doses that patients receive;
- the number of patients that participate in the clinical trials;
- the drop-out or discontinuation rates of patients;
- the duration of patient follow-up;
- potential additional safety monitoring or other studies requested by regulatory agencies;
- the number and complexity of analyses and tests performed during the clinical trial;
- the phase of development of the product candidate; and
- the efficacy and safety profile of the product candidate.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries, benefits, share-based compensation and other personnel costs for employees in executive, finance, business development and support functions. Other significant general and administrative expenses include the costs associated with obtaining and maintaining our patent portfolio, professional services for audit, legal, pre-commercial planning, investor and public relations, corporate activities and allocated facilities.

Other Income (Expense)

Other income (expense) consists primarily of management fee income, interest income and interest expense. Management fee income is earned in accordance with the management services agreement, as amended, with Araxes Pharma LLC. Interest expense mainly consists of interest on long-term debt.

Income Taxes

We have incurred net losses and have not recorded any U.S. federal or state income tax benefits for the losses as they have been offset by valuation allowances.

Results of Operations

Comparison of the Three Months Ended March 31, 2020 and 2019

The following table sets forth our results of operations for the periods presented, in thousands:

	Three Months Ended March 31,		
	2020	2019	Change
Research and development expenses	$ 12,575	$ 10,382	$ 2,193
General and administrative expenses	7,625	4,569	3,056
Other income, net	990	1,011	(21)

Research and Development Expenses. The following table illustrates the components of our research and development expenses for the periods presented, in thousands:

	Three Months Ended March 31,		
	2020	2019	Change
Tipifarnib-related costs	$ 6,192	$ 5,896	$ 296
KO-947-related costs	769	980	(211)
KO-539-related costs	888	353	535
Personnel costs and other expenses	3,556	2,356	1,200
Share-based compensation expense	1,170	797	373
Total research and development expenses	$ 12,575	$ 10,382	$ 2,193

The increase in KO-539-related research and development expenses was primarily due to the initiation of the Phase 1/2A clinical trial for KO-539 in September 2019. Personnel costs and other expenses include employee salaries and related expenses, facilities expense and overhead expenses. The increase in personnel costs and other expenses was to support our registration-directed clinical trial for tipifarnib and the Phase 1/2A clinical trial of KO-539. We expect our research and development expenses to increase in future periods as we continue clinical development activities for tipifarnib and KO-539.

General and Administrative Expenses. The increase in general and administrative expenses for the three months ended March 31, 2020 compared to the same period in 2019 was primarily due to increases of $0.9 million in pre-commercial planning expenses, $0.6 million in recruiting fees, $0.6 million in personnel costs and $0.5 million in non-cash share-based compensation expense. We expect our general and administrative expenses to increase in future periods to support our planned increase in research and development activities.

Liquidity and Capital Resources

Since our inception, we have funded our operations primarily through equity and debt financings. We have devoted our resources to funding research and development programs, including discovery research, preclinical and clinical development activities.

In March 2019, we entered into the ATM facility under which we may offer and sell, from time to time, at our sole discretion, shares of our common stock having an aggregate offering price of up to $75.0 million. We have not yet sold any shares of our common stock under the ATM facility.

In November 2018, we entered into a loan and security agreement with Silicon Valley Bank providing for up to $20.0 million in a series of term loans. The loan and security agreement was subsequently amended in April 2020 to extend the second draw period. The loan and security agreement, as amended, shall be referred to as the loan agreement. Under the terms of the loan agreement, we borrowed $7.5 million, or Term A Loan, and we may, at our sole discretion, borrow up to an additional $12.5 million at any time until November 30, 2020, or Term B Loan, and together with Term A Loan, the Term Loans. In addition, each Term B Loan must be in an amount equal to the lesser of $5.0 million or the amount that is remaining under the Term B Loan. All of the Term Loans will be due on the scheduled maturity date of May 1, 2023, or Maturity Date. Repayment of the Term Loans is interest only through November 30, 2020, followed by 30 equal monthly

payments of principal plus accrued interest commencing on December 1, 2020. The per annum interest rate for the Term Loans is the greater of (i) 5.50% and (ii) the sum of (a) the prime rate reported in The Wall Street Journal plus (b) 0.25%. In addition, a final payment of 7.75% of the amounts of the Term Loans drawn will be due on the earlier of the Maturity Date, acceleration or prepayment of the Term Loans. If we elect to prepay the Term Loans, a prepayment fee equal to 1% or 2% of the then outstanding principal balance also will be due, depending upon when the prepayment occurs.

Our obligations under the loan agreement are secured by substantially all of our assets other than our intellectual property, but including proceeds from the sale, licensing or other disposition of our intellectual property. Our intellectual property is subject to negative covenants, which, among other things, prohibit us from selling, transferring, assigning, mortgaging, pledging, leasing, granting a security interest in or otherwise encumbering our intellectual property, subject to limited exceptions.

We have incurred operating losses since inception and negative cash flows from operating activities. As of March 31, 2020, we had an accumulated deficit of $232.1 million. We expect our expenses to increase in connection with our ongoing activities, particularly as we continue the research and development of, continue and initiate clinical trials of, and seek marketing approval for, our product candidates. In addition, if we obtain marketing approval for any of our product candidates, we expect to incur significant commercialization expenses related to product sales, marketing, manufacturing and distribution to the extent that such sales, marketing and distribution are not the responsibility of potential collaborators. Furthermore, we expect to continue to incur additional costs associated with operating as a public company. Accordingly, we will need to obtain substantial additional funding in connection with our continuing operations. As a result of the COVID-19 pandemic and actions taken to slow its spread, the global credit and financial markets have experienced extreme volatility, including diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in unemployment rates and uncertainty about economic stability. There can be no assurance that further deterioration in credit and financial markets and confidence in economic conditions will not occur. If equity and credit markets deteriorate, it may make any necessary debt or equity financing more difficult to obtain, more costly and/or more dilutive. If we are unable to raise capital when needed or on attractive terms, we would be forced to delay, reduce or eliminate our research and development programs or future commercialization efforts.

As of March 31, 2020, we had cash, cash equivalents and short-term investments of $216.9 million. Based on our current plans, we believe that our existing cash, cash equivalents and short-term investments will be sufficient to enable us to fund our operating expenses and capital expenditure requirements into 2022. During the period of uncertainty of volatility related to the COVID-19 pandemic, we will continue to monitor our liquidity.

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

- the scope, progress, results and costs of drug discovery, pre-clinical development, laboratory testing and clinical trials for our product candidates, including as such activities may be adversely impacted by COVID-19;
- the costs, timing and outcome of regulatory review of our product candidates;
- the costs of establishing or contracting for sales, marketing and distribution capabilities if we obtain regulatory approvals to market our product candidates;
- the costs of securing and producing drug substance and drug product material for use in pre-clinical studies, clinical trials and for use as commercial supply;
- the costs of securing manufacturing arrangements for development activities and commercial production;
- the scope, prioritization and number of our research and development programs;
- the extent to which we are obligated to reimburse, or entitled to reimbursement of, clinical trial costs under future collaboration agreements, if any;
- the extent to which we acquire or in-license other product candidates and technologies;
- the success of our current or future companion diagnostic test collaborations for companion diagnostic tests; and
- the costs of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending intellectual property-related claims.

To date, we have not generated any revenues from product sales, and we do not have any approved products. We do not know when, or if, we will generate any revenue from product sales. We do not expect to generate significant revenue from product sales unless and until we obtain regulatory approval of and commercialize one of our current or future product

candidates. We are subject to all of the risks incident in the development of new therapeutic products, and we may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors that may adversely affect our business. We anticipate that we will need substantial additional funding in connection with our continuing operations.

Until such time, if ever, as we can generate substantial product revenues, we expect to finance our cash needs through a combination of stock offerings, debt financings, collaborations, strategic partnerships or licensing arrangements. Other than our term loan facility, we do not have any committed external source of funds. Additional capital may not be available on reasonable terms, if at all. Subject to limited exceptions, our term loan facility also prohibits us from incurring indebtedness without the prior written consent of the lender. To the extent that we raise additional capital through the sale of stock or convertible debt securities, the ownership interest of our stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of our common stockholders. Debt financing, if available, may involve agreements that include increased fixed payment obligations and covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures, declaring dividends, selling or licensing intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business. As a result of the COVID-19 pandemic and actions taken to slow its spread, the global credit and financial markets have experienced extreme volatility, including diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in unemployment rates and uncertainty about economic stability. There can be no assurance that further deterioration in credit and financial markets and confidence in economic conditions will not occur. If equity and credit markets deteriorate, it may make any necessary debt or equity financing more difficult to obtain, more costly and/or more dilutive. If we raise additional funds through collaborations, strategic partnerships or licensing arrangements with third parties, we may have to relinquish valuable rights to our product candidates, including our other technologies, future revenue streams or research programs, or grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds when needed, we may be unable to carry out our business plan. As a result, we may be required to delay, limit, reduce or terminate our product development or future commercialization efforts or grant rights to develop and commercialize our product candidates even if we would otherwise prefer to develop and commercialize such product candidates ourselves, and our business, financial condition and results of operations would be materially adversely affected.

The following table provides a summary of our net cash flow activities for the periods presented, in thousands:

	Three Months Ended March 31,		
	2020	2019	Change
Net cash used in operating activities	$ (19,822)	$ (14,251)	$ (5,571)
Net cash provided by investing activities	27,461	15,808	11,653
Net cash provided by financing activities	247	102	145

Operating Activities. The increase in net cash used in operating activities for the three months ended March 31, 2020 compared to the same period in 2019 was primarily due to an increase of $5.3 million in net loss and an increase of $1.6 million in prepaid expenses and other current assets, offset by an increase of $0.9 million in non-cash share based compensation expense.

Investing Activities. The increase in net cash provided by investing activities for the three months ended March 31, 2020 compared to the same period in 2019 was primarily due to a decrease of $39.6 million in purchases of marketable securities, offset by a decrease of $27.4 million in maturities and sales of marketable securities.

Financing Activities. The increase in net cash provided by financing activities for the three months ended March 31, 2020 compared to the same period in 2019 was due to an increase in proceeds from the exercise of stock options.

Contractual Obligations

The following is a summary of our significant contractual obligations as of March 31, 2020, in thousands:

	Payments Due by Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Long-term debt, including current portion(1)	$ 7,500	$ 1,000	$ 6,000	$ 500	$ —
Interest payments on long-term debt(2)	1,401	411	405	585	—
Operating leases(3)	9,464	1,431	4,039	3,661	333
Total	$ 18,365	$ 2,842	$ 10,444	$ 4,746	$ 333

(1) Principal payments on our term loan facility.

(2) Interest payments on our term loan facility. The per annum interest rate for the Term Loans is the greater of (i) 5.50% and (ii) the sum of (a) the prime rate reported in The Wall Street Journal plus (b) 0.25%. The interest rate as of March 31, 2020 was 5.50%. In addition, a final payment of 7.75% of the amounts of the Term Loans drawn will be due on the earlier of the maturity date, acceleration or prepayment of the Term Loans.

(3) Future minimum lease payments under our office leases in San Diego, California, Cambridge, Massachusetts and Boston, Massachusetts.

We enter into short-term and cancellable agreements in the normal course of operations with clinical sites and CROs for clinical research studies, professional consultants and various third parties for preclinical research studies, clinical supply manufacturing and other services through purchase orders or other documentation, or that are undocumented except for an invoice. Such short-term agreements are generally outstanding for periods less than one year and are settled by cash payments upon delivery of goods and services. The nature of the work being conducted under these agreements is such that, in most cases, the services may be cancelled upon prior notice of 90 days of less. Payments due upon cancellation generally consist only of payments for services provided and expenses incurred, including non-cancellable obligations of our service providers, up to the date of cancellation. These payments are not included in the table of contractual obligations above.

Excluded from the table above are milestone or contractual payment obligations contingent upon the achievement of certain milestones or events if the amount and timing of such obligations are unknown or uncertain. Our license agreements are cancelable by us with written notice within 180 days or less. We may be required to pay up to approximately $80.0 million in milestone payments, plus sales royalties, in the event that regulatory and commercial milestones under the in-license agreement are achieved.

Off-Balance Sheet Arrangements

As of March 31, 2020, we did not have any off-balance sheet arrangements as defined in the rules and regulations of the SEC.

Critical Accounting Policies and Management Estimates

The SEC defines critical accounting policies as those that are, in management's view, important to the portrayal of our financial condition and results of operations and demanding of management's judgment. Management's discussion and analysis of our financial condition and results of operations are based on our unaudited condensed financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these unaudited condensed financial statements required estimates and judgments that affect the reported amounts of assets, liabilities, and expenses and the disclosure of contingent assets and liabilities in the unaudited condensed financial statements. On an ongoing basis, we evaluate our estimates and judgments, including those related to accrued expenses and share-based compensation. We base our estimates on historical experience, known trends and events, and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Though the impact of the COVID-19 pandemic to our business and operating results presents additional uncertainty, we continue to use the best information available to inform our critical accounting estimates.

There have been no material changes to our critical accounting policies and estimates from the information provided in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies and Management Estimates," included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

We hold certain financial instruments for which a change in prevailing interest rates may cause the principal amount of the marketable securities to fluctuate. Financial instruments that potentially subject us to significant concentrations of credit risk consist primarily of cash, cash equivalents and short-term investments. We invest our excess cash primarily in money market funds, corporate debt securities, U.S. Treasury securities and commercial paper. The primary objectives of our investment activities are to ensure liquidity and to preserve principal while at the same time maximizing the income we receive from our marketable securities without significantly increasing risk. Additionally, we established guidelines regarding approved investments and maturities of investments, which are designed to maintain safety and liquidity. For our short-term investments, we do not believe that an increase or decrease in market rates would have a significant impact on the realized values or the unaudited condensed statements of operations and comprehensive loss. We believe that should a 10.0% change in interest rates were to have occurred on March 31, 2020, this change would not have had a material effect on the fair value of our investment portfolio as of that date. Any changes would only be realized if we sold the investments prior to maturity.

We are also subject to interest expense fluctuations through our Term Loans, which as of March 31, 2020 bear interest at a rate equal to the greater of (i) 5.50% and (ii) the sum of (a) the prime rate reported in The Wall Street Journal plus (b) 0.25% and are therefore exposed to changes in interest rates through their maturity date of May 2023. If a 10% change in interest rates were to have occurred on March 31, 2020, this change would not have had a material effect on our interest expense as of that date.

Inflation Risk

Inflation generally affects us by increasing our clinical trial costs. We do not believe that inflation has had a material effect on our business, financial condition or results of operations during any periods presented herein.

ITEM 4. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports required by the Exchange Act is recorded, processed, summarized and reported within the timelines specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can only provide reasonable assurance of achieving the desired control objectives, and in reaching a reasonable level of assurance, management was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As required by SEC Rule 13a-15(b), we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the quarter covered by this Quarterly Report. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of the end of the quarter covered by this Quarterly Report.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting identified in connection with management's evaluation of such internal control that occurred during our most recent quarter ended March 31, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. We have not experienced any material impact to our internal controls over financial reporting despite the fact that our employees are working remotely due to the COVID-19 pandemic. We are continually monitoring and assessing the COVID-19 situation on our internal controls to minimize the impact on their design and operating effectiveness.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We currently are not a party to any legal proceedings, the adverse outcome of which, in management's opinion, individually or in the aggregate, would have a material adverse effect on our results of operations or financial position.

ITEM 1A. RISK FACTORS

Investing in our common stock involves a high degree of risk. In addition to the information included or incorporated by reference in this Quarterly Report and in our other public filings, you should carefully consider the risks described below in evaluating our company. Our business, financial condition or results of operations could be harmed by any of these risks. The risks and uncertainties described below are not the only ones we face. Additional risks not currently known to us or other factors not perceived by us to present significant risks to our business at this time also may impair our business operations. We have marked with an asterisk (*) those risk factors that reflect changes from the risk factors previously disclosed in Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2019, filed with the SEC on February 25, 2020.

Risks Related to the COVID-19 Pandemic

Our operations, business and financial results has been and could continue to be adversely impacted by the current public health pandemic related to COVID-19.*

In January 2020, the World Health Organization, or WHO, announced a global health emergency because of a new strain of novel coronavirus known as COVID-19 originating in Wuhan, China and, in March 2020, the WHO declared the COVID-19 outbreak a pandemic, or the COVID-19 pandemic. The COVID-19 pandemic has resulted in significant governmental measures being implemented to control the spread of the virus, including quarantines, travel restrictions and business interruptions and shutdowns. These precautions have disrupted our business operations and prospects. For example, we have experienced, and expect to continue to experience, patient screening and enrollment at a slower pace at many of our clinical trial sites than what was projected when the trials began. In addition, some of our clinical sites have experienced challenges in conducting trial activities due to facility restrictions, quarantines, travel restrictions and other precautions. The COVID-19 outbreak and mitigation measures have had and may continue to have an adverse impact on global economic conditions which could impair our ability to raise capital when needed. While we expect the disruption from COVID-19 to have an adverse effect on our business, financial condition and results of operations, we are unable to predict the extent or nature of these impacts at this time.

Risks Related to Our Financial Position and Need For Additional Capital

We expect to incur losses over the next several years and may never achieve or maintain profitability.*

To date, we have financed our operations primarily through equity and debt financings. We expect to continue to incur significant expenses and increasing operating losses for the foreseeable future. The net losses we incur may fluctuate significantly from quarter-to-quarter and year-to-year. We anticipate that our expenses will increase substantially if and as we:

- manage the risks associated with the COVID-19 pandemic or any other similar health emergencies;
- continue research and development of our product candidates;
- initiate new clinical trials for our product candidates;
- seek marketing approvals for our product candidates;
- enter into collaboration arrangements for companion diagnostics for our product candidates;
- establish a sales, marketing and distribution infrastructure to commercialize any products for which we may obtain marketing approval;
- maintain, expand and protect our intellectual property portfolio;
- hire additional personnel;
- add operational, financial and management information systems and personnel, including personnel to support our product development and planned future commercialization efforts; and
- incur increased costs as a result of continued operations as a public company.

To become and remain profitable, we must develop and eventually commercialize a product or products with significant market potential. This will require us to be successful in a range of challenging activities, including completing clinical trials of our product candidates, successfully developing companion diagnostics, obtaining marketing approval from the FDA and other global Regulatory authorities for these product candidates, the manufacturing, marketing and selling of these products for which we may obtain marketing approval. We may never succeed in these activities and, even if we do, may never generate revenues that are significant or even sufficient to achieve profitability. If we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. Our failure to become and remain profitable could decrease the value of the company and could impair our ability to raise capital, maintain our research and development efforts, expand our business or continue our operations. A decline in the value of our company could also cause you to lose all or part of your investment.

The COVID-19 pandemic has caused volatility in the global financial markets and threatened a slowdown in the global economy, which may have a material adverse effect on our ability to raise additional capital on attractive terms or at all.

We are a clinical-stage company with no approved products and no historical product revenue. Consequently, we expect that our financial and operating results will vary significantly from period to period.*

We are a clinical-stage company that has incurred losses since our inception and expect to continue to incur substantial losses in the foreseeable future. Biopharmaceutical product development is a highly speculative undertaking and involves a substantial degree of uncertainty. We expect our actual financial condition and operating results to fluctuate significantly from quarter-to-quarter or year-to-year due to a variety of factors, many of which are beyond our control, including COVID-19. Factors relating to our business that may contribute to these fluctuations include:

- the success of our clinical trials through all phases of clinical development;
- delays in the commencement, enrollment and completion of clinical trials;
- our ability to secure and maintain collaborations, licensing or other strategic partnerships for the future development and/or commercialization of our product candidates, as well as meet the terms of those arrangements;
- our and our third-party collaborators' ability to develop and validate companion diagnostics for our product candidates;
- our ability to obtain, as well as the timeliness of obtaining, additional funding to develop our product candidates;
- the results of clinical trials or marketing applications for other product candidates that may compete with our portfolio of product candidates;
- competition from existing products or new products that may receive marketing approval;
- potential side effects of our product candidates that could delay or prevent approval or cause an approved drug to be taken off the market;
- any delays in regulatory review and approval of our product candidates;
- our ability to identify and develop additional product candidates;
- the ability of patients or healthcare providers to obtain sufficient coverage and adequate reimbursement for our products;
- our ability, and the ability of third parties such as contract research organizations, or CROs, to adhere to clinical trial and other regulatory requirements;
- the ability of third-party manufacturers to manufacture our product candidates and the ability to obtain key ingredients needed to produce materials for clinical trial material in order to conduct clinical trials and, if approved, successfully produce commercial products;
- the costs to us, and our ability as well as the ability of any third-party collaborators, to obtain, maintain and protect our intellectual property rights;
- costs related to and outcomes of any future intellectual property litigation;
- our ability to adequately support future growth;
- our ability to attract and retain key personnel to manage our business effectively;

- changes in governmental regulations, healthcare policy, pricing and reimbursement systems and our ability to set and maintain prices in the United States and other territories; and
- our ability to build our finance infrastructure and, to the extent required, improve our accounting systems and controls.

Accordingly, the likelihood of our success must be evaluated in light of many potential challenges and variables associated with a clinical-stage company, many of which are outside of our control, and past operating or financial results should not be relied on as an indication of future results. Fluctuations in our operating and financial results could cause our share price to decline. It is possible that in some future periods, our operating results will be above or below the expectations of securities analysts or investors, which could also cause our share price to decline.

Our limited operating history may make it difficult for you to evaluate the success of our business to date and to assess our future viability.

We are a clinical-stage company with a limited operating history. Our operations to date have been limited to organizing and staffing our company, business planning, raising capital, identifying and acquiring potential product candidates, undertaking preclinical, clinical and regulatory development of our product candidates and conducting pre-commercial and diagnostic related activities for tipifarnib. We have not yet demonstrated our ability to successfully complete clinical trials or the development of companion diagnostics in support of FDA approval, obtain marketing approvals, manufacture a product at commercial scale, or arrange for a third-party to do so on our behalf, or conduct sales and marketing activities necessary for successful product commercialization. Medicines, on average, take 10 to 15 years to be developed from the time they are discovered to the time they receive marketing approval. Consequently, any predictions you make about our future success or viability based on our short operating history to date may not be as accurate as they could be if we had a longer operating history.

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

We will need to obtain substantial additional capital in connection with our continuing operations. Raising additional capital may cause dilution to our stockholders, restrict our operations or require us to relinquish certain rights to our technologies or product candidates.*

Until such time, if ever, as we can generate sufficient product revenues to fund our operations, we will need to raise additional capital in connection with our continuing operations. We expect to finance our cash needs through a combination of equity offerings and debt financings. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect rights of our stockholders as a common stockholder. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. As a result of the COVID-19 pandemic and actions taken to slow its spread, the global credit and financial markets have recently experienced extreme volatility and disruptions, including diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in unemployment rates and uncertainty about economic stability. If the equity and credit markets continue to deteriorate, it may make any additional debt or equity financing more difficult, more costly and more dilutive.

In March 2019, we entered into the ATM facility with SVB Leerink LLC and Stifel, Nicolaus & Company, Incorporated, under which we may offer and sell, from time to time, at our sole discretion, shares of our common stock having an aggregate offering price of up to $75.0 million. We have not yet sold any shares of our common stock under the ATM facility.

In November 2018, we entered into the loan agreement with Silicon Valley Bank, providing for up to $20.0 million in a series of term loans, which was subsequently amended in April 2020 to extend the second draw period. Under the terms of the loan agreement, we have borrowed $7.5 million, with an additional $12.5 million available at any time until November 30, 2020. Other than our term loan facility, we do not have any committed external source of funds. While any amounts are outstanding under our term loan facility, we are subject to affirmative and restrictive covenants, including covenants regarding delivery of financial statements, maintenance of inventory, payment of taxes, maintenance of insurance, dispositions of property, business combinations or acquisitions, incurrence of additional indebtedness and transactions with

affiliates, among other customary covenants. If we default under our term loan facility, the lender may accelerate our repayment obligations and take control of our pledged assets, potentially requiring us to renegotiate our agreement on terms less favorable to us or to immediately cease operations. Further, if we are liquidated, the lender's right to repayment would be senior to the rights of the holders of our common stock to receive any proceeds from the liquidation. The lender could declare a default under our term loan facility upon the occurrence of an event of default, which includes our failure to satisfy our payment obligations under the loan agreement, the breach of certain of our other covenants under the loan agreement or the occurrence of a material adverse change, thereby requiring us to repay the loan immediately or to attempt to reverse the declaration of default through negotiation or litigation. Any declaration by the lender of an event of default could significantly harm our business and prospects and could cause the price of our common stock to decline.

We cannot be certain that additional funding will be available on acceptable terms, or at all. Subject to limited exceptions, our term loan facility also prohibits us from incurring indebtedness without the prior written consent of the lender. If we are unable to raise additional funds when needed, we may be required to delay, limit, reduce or terminate our product development or future commercialization efforts.

Risks Related to the Discovery and Development of Our Product Candidates

Our ability to conduct our clinical trials has been and could continue to be adversely impacted by the COVID-19 pandemic.*

The COVID-19 pandemic has and could continue to adversely impact our ability to recruit and retain patients, clinical investigators, clinical trial sites and their staff, caregivers and healthcare providers as necessary. The COVID-19 pandemic may negatively affect the operations of third-party suppliers and service providers that we rely upon to carry out our clinical trials or the operations of our third-party manufacturers, which could result in delays or disruptions in the supply of our product candidates for our clinical trials. Furthermore, the COVID-19 pandemic may delay startup of new clinical trial sites and enrollment in our clinical trials due to prioritization of hospital resources toward the pandemic, requirements for working remotely and restrictions in travel. Some patients may be unwilling to enroll in our current and future clinical trials or be unable to comply with clinical trial protocols if quarantines or travel restrictions impede patient movement or interrupt healthcare services. Increased demand at clinical trial sites and quarantined doctors and staff may reduce personnel and other available resources at clinical trial sites needed to conduct our clinical trials and may cause the screening of new patients or clinical trial operations to be delayed or paused. Trial sites may also limit or prohibit on site dosing and monitoring to decrease potential exposure of doctors, staff and patients to COVID-19, which may require us to adopt remote monitoring and other procedures to ensure verifiable trial execution. In alignment with recent FDA guidance on clinical trials, "FDA Guidance on Conduct of Clinical Trials of Medical Products during COVID-19 Pandemic Guidance for Industry, Investigators, and Institutional Review Boards," we are taking steps to address potential trial protocol deviations due to COVID-19 pandemic or the pandemic control measures taken. Although we continue to enroll patients on our clinical studies, there is the potential that we may experience significant delays or other material adverse effects from the COVID-19 pandemic with regard to the conduct of our clinical trials and the COVID-19 pandemic could potentially decrease the implementation of protocol required trial activities and the quality of source data verification at clinical trial sites. Additionally, if a clinical trial site is not capable of new remote clinical trial capabilities, we may be required to find and engage new clinical trial investigative sites. Any negative impact of the COVID-19 pandemic on patient enrollment or treatment could delay our clinical trial timelines and adversely affect our ability to obtain regulatory approval for and to commercialize our product candidates, particularly on our current projected timelines. We remain in active dialog with our CROs and clinical sites to minimize the impact of the COVID-19 pandemic to our clinical trials without adversely affecting the safety of patients, the quality of clinical data and overall integrity of our clinical trials. Despite our best efforts, it may prove difficult to continue to treat patients in a timely manner and activation of new sites could be delayed, particularly for our clinical trial sites in areas with high rates of community spread.

We are highly dependent on the success of our lead product candidate, tipifarnib, which is still in clinical development, and we cannot give any assurance that tipifarnib or any other product candidates will receive regulatory approval, which is necessary before they can be commercialized.*

Our future success is highly dependent on our ability to obtain regulatory approval for, and then successfully commercialize, our lead product candidate, tipifarnib. Our other product candidates are in earlier stages of development. Our business depends entirely on the successful development and commercialization of our product candidates. We have not completed the development of any product candidates; we currently generate no revenues from sales of any product, and we have not demonstrated that we can successfully develop a marketable product.

Tipifarnib will require additional clinical development, evaluation of clinical, preclinical and manufacturing activities, regulatory approval in one or more jurisdictions, substantial investment, access to sufficient commercial manufacturing capacity and significant marketing efforts before we can generate any revenues from product sales. The FDA has also informed us that an approved companion diagnostic is required in order to obtain approval of tipifarnib in HRAS mutant HNSCC. Companion diagnostics are subject to regulation as medical devices and must be separately approved for marketing by the FDA. We are not permitted to market or promote tipifarnib, or any other product candidates before we receive regulatory approval from the FDA or comparable foreign regulatory authorities, and we may never receive such regulatory approvals. Although the scope of regulatory approval is similar in other countries, in some countries there are additional regulatory requirements and potential regulatory risks and we cannot predict success in these jurisdictions.

We initiated our first registration-directed clinical trial in patients with relapsed or refractory HRAS mutant HNSCC in November 2018. There is no guarantee that this trial will be completed on time or at all. Prior to receiving approval to commercialize tipifarnib or future product candidates, if any, in the United States or internationally, we must demonstrate to the satisfaction of the FDA and other regulatory authorities, that such product candidates are safe and effective for their intended uses. The results from preclinical studies and clinical trials can be interpreted in different ways, and the favorable results from previous trials of a product candidate may not be replicated in subsequent clinical trials. Even if we believe the preclinical or clinical data are promising, such data may not be sufficient to support approval by the FDA and other regulatory authorities. We maintain frequent, ongoing dialogue with the FDA and other regulatory bodies regarding our clinical trial design, including the patient selection criteria, dosing plan and statistical analysis plan. There is a risk that the FDA or other regulatory agencies could at any time raise objections to the design or conduct of our clinical trials. Any such objections could delay the initiation or completion of our registration-directed clinical trial. Although we believe from our discussions with the FDA and the minutes from our end-of-Phase 2 meeting with the FDA, that if AIM-HN is positive, there is the potential for accelerated approval of tipifarnib for the treatment of patients with relapsed or refractory HNSCC who harbor the HRAS mutation, the FDA has substantial discretion in the approval process and may not grant approval based on data from AIM-HN and RUN-HN. Even if the trial results are positive, we cannot guarantee that the FDA or foreign regulatory authorities will interpret the results as we do. There is also no guarantee that data from SEQ-HN will support any potential marketing application for tipifarnib in HRAS mutant HNSCC. If the results of the trial are not satisfactory to the FDA or foreign regulatory authorities for support of a marketing application, we may be required to expend significant additional resources to conduct additional trials in support of potential approval of tipifarnib.

We have not previously submitted a new drug application, or NDA, to the FDA, or similar product approval filings to comparable foreign authorities, or received marketing approval for any product candidate, and we cannot be certain that tipifarnib will be successful in clinical trials or receive regulatory approval for any indication. We cannot anticipate whether or when we will seek regulatory review of tipifarnib for any other indications. If we do not receive regulatory approvals for and successfully commercialize tipifarnib on a timely basis or at all, we may not be able to continue our operations. Even if we successfully obtain regulatory approvals to market tipifarnib, our revenues will be dependent, in part, on our third-party collaborator's ability to commercialize the companion diagnostic as well as the size of the markets in the territories for which we gain regulatory approval and have commercial rights. If the market opportunities for the treatment of HRAS mutant HNSCC and other diseases are not as significant as we estimate, our business and prospects may be harmed.

Our discovery, preclinical and clinical development is focused on the development of targeted therapeutics for patients with genetically defined cancers, which is a rapidly evolving area of science, and the approach we are taking to discover and develop drugs may never lead to marketable products.

The discovery and development of targeted therapeutics for patients with genetically defined cancers, and the scientific discoveries that form the basis for our efforts to discover and develop product candidates, are a relatively new and rapidly evolving area of science. The scientific evidence to support the feasibility of developing product candidates based on these discoveries is both preliminary and limited. The patient populations for our product candidates are not completely defined but are substantially smaller than the general treated cancer population, and patients will need to be screened and identified in order to be eligible for our therapies. Successful identification of patients is dependent on several factors, including screening a sufficient number of patients to identify whether they harbor a particular genetic alteration or expression level, achieving certainty as to how specific genetic alterations or expression levels respond to our product candidates and developing companion diagnostics to identify such genetic alterations or expression levels. Furthermore, even if we are successful in identifying patients, we cannot be certain that the resulting patient populations will be large enough to allow us to successfully commercialize any products for which we are able to obtain marketing approval and achieve profitability. Therefore, we do not know if our approach of treating patients with genetically defined cancers will be successful. If our approach is unsuccessful, our business will suffer.

In order to execute on our strategy of advancing the clinical development of tipifarnib, we have designed our clinical trials of tipifarnib, and expect to design future clinical trials of tipifarnib and our other product candidates, to include patients who harbor a particular attribute such as a particular genetic alteration, tumor histology or expression level that we believe contribute to or are associated with particular cancer subsets. Our goal in doing this is to enroll patients who have the highest probability of responding to our product candidate and in our proof-of-concept Phase 2 clinical trials, to show early and statistically significant evidence of clinical efficacy. Potential molecular biomarkers we have identified in retrospective analyses of data from clinical trials of tipifarnib in certain cancer indications may not be prospectively validated as biomarkers of tipifarnib activity in our ongoing Phase 2 clinical trials or in future clinical trials that we may conduct in these indications. If we are unable to identify molecular or genetic alterations, or biomarkers, that are predictive of response to our product candidates, or we are unable to include patients who harbor the applicable genetic alterations or expression levels in our clinical trials, or if our product candidates fail to work as we expect, our ability to assess the therapeutic effect, seek participation in FDA expedited review and approval programs, including Breakthrough Therapy, Fast Track Designation, Priority Review and Accelerated Approval, or otherwise to seek to accelerate clinical development and regulatory timelines, could be compromised, resulting in longer development times, larger clinical trials and a reduced likelihood of obtaining regulatory approval.

We may find it difficult to enroll patients in our clinical trials for tipifarnib. Difficulty in enrolling patients could delay or prevent clinical trials of our product candidates.*

Identifying and qualifying patients to participate in clinical studies of our product candidates is critical to our success. The timing of our clinical studies depends in part on the speed at which we can recruit patients to participate in testing our product candidates, and we may experience delays in our clinical trials if we encounter difficulties in enrollment.

In addition to the potentially small populations for our clinical trials, the eligibility criteria of our clinical trials will further limit the pool of available trial participants as we will require that patients have specific characteristics that we can measure or to assure their disease is either severe enough or not too advanced to include them in a trial. Additionally, the process of finding and diagnosing patients may prove costly. For example, many physicians who treat HNSCC patients do not routinely screen their patients for genetic mutations, such as oncogenic mutations present in the HRAS gene. To seek to address these limitations, we have contracted with third-party laboratories to facilitate the genetic screening of patients for our clinical sites. However, there is no guarantee that these efforts will be effective.

We also may not be able to identify, recruit and enroll a sufficient number of patients to complete our clinical studies because of the perceived risks and benefits of the product candidate under trial including the number and frequency of trial required procedures and tests, the availability and efficacy of competing therapies and clinical trials, the proximity and availability of clinical trial sites for prospective patients, and the patient referral practices of physicians. For example, with the approvals of immune therapy agents nivolumab and pembrolizumab, many HNSCC patients are now being treated with one of these agents in the first line in combination with chemo and after failure of first-line treatments such as chemotherapy and/or cetuximab. If patients receiving immune therapy, or the physicians treating them are unwilling or unable to participate in our studies for any reason, or if such patients experience positive results from such agents resulting in longer times to disease progression than originally anticipated, the timeline for recruiting patients, conducting studies, and obtaining regulatory approval of potential products may be delayed or we may not be able to successfully complete our studies. Further, if patients do not comply with clinical trial process and procedure and for example: drop out, miss scheduled doses or follow-up visits, or fail to follow trial protocols, then the integrity of data from our trials may be compromised or not accepted by the FDA or other regulatory authorities. Lastly, if our trials are otherwise disputed due to delays resultant from staff re-directed to take actions to slow the spread of COVID-19, collectively all of these possibilities, which would represent a significant setback for the applicable clinical program.

Additionally, in estimating the frequency of biomarkers, such as the frequency of HRAS mutations in patients with HNSCC, we rely on data published in the scientific literature as well as our experience and that of our collaborators. Initial studies on the frequency of HRAS mutation in HNSCC were conducted retrospectively and may not reflect the current incident HRAS mutational rates that can be affected by changes in environmental exposures, access to early treatment, viral infections with HPV and other variables that influence oncogenesis. The technologies used to identify mutations in published datasets may be different from the technologies we are using currently, which may make it more difficult to compare results across clinical trials or we may experience lower rates of HRAS mutation frequency in our clinical trial than provided in the current scientific literature. Moreover, sample quality in academic studies of molecular biomarkers may not reflect standard clinical practice that is focused on pathological diagnosis. Even if patients carrying HRAS mutations are identified, potential clinical benefit of tipifarnib may be delayed or reduced due to increased durations in time to disease progression in patients treated with immune therapy and the number of patients who could benefit from tipifarnib may be reduced. Potential trial

subjects may also be located at too great a distance to participate at our clinical trial sites. Any delay or failure by us or third-party collaborators to screen patients or identify patients with HRAS mutations for enrollment in our AIM-HN clinical trial and other ongoing trials could delay or prevent us from completing our clinical trials which could prevent us from obtaining regulatory approval or commercializing tipifarnib on a timely or profitable basis, or at all.

If we experience delays in the completion of, or termination of, any clinical trial of our product candidates, the commercial prospects of our product candidates may be harmed, and our ability to generate product revenue from any of these product candidates could be delayed or prevented. In addition, any delays in completing our clinical trials will increase our costs, slow down our product candidate development and approval process, and jeopardize our ability to commence product sales and generate revenue. Any of these occurrences may harm our business, financial condition, and prospects significantly. In addition, many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our product candidates, including:

- unforeseen safety issues or adverse side effects;
- failure of our companion diagnostics to identify patients;
- modifications to protocols of our clinical trials resulting from the FDA or comparable foreign regulatory authorities or institutional review board, or IRB, decisions; and
- ambiguous or negative interim results of our clinical trials or results that are inconsistent with earlier results.

Clinical drug development involves a lengthy and expensive process with an uncertain outcome. The results of preclinical studies and early clinical trials of our product candidates may not be predictive of the results of subsequent clinical trials, and preliminary or interim results of a clinical trial do not necessarily predict final results. We may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our product candidates.*

The risk of failure for our product candidates is high. Before obtaining marketing approval from regulatory authorities for the sale of any product candidate, we must conduct extensive preclinical and clinical testing to demonstrate the safety and efficacy of our product candidates in humans. This testing is expensive, difficult to design and implement and can take many years to complete, and its outcome is inherently uncertain. Failure can occur at any time during the clinical trial process. Further, the results of preclinical studies and early clinical trials of our product candidates may not be predictive of the results of subsequent clinical trials, and preliminary or interim results of a clinical trial do not necessarily predict final results. For example, the preliminary data we have presented from our positive Phase 2 clinical trial of tipifarnib in HRAS mutant HNSCC, may not predict the results of AIM-HN or any other later-stage clinical trials we may conduct. The primary endpoint of AIM-HN is objective response rate as determined using RECIST 1.1 criteria and as determined by independent radiological review. Independent radiological review refers to a formal process whereby third-party radiologists who are not affiliated with the drug development program are engaged to provide an independent assessment of the primary radiological images. All of our patient responses disclosed to date in our ongoing Phase 2 proof-of-concept clinical trial in HRAS mutant HNSCC have been assessed by the trial investigators. In contrast to independent radiology review, investigator assessed response is performed by investigators or their affiliated radiology colleagues who may be aware of the trial treatment, patient history or other information that could impact their choices in applying the rules and conventions of RECIST 1.1. Conversely, independent radiology reviewers have limited access to non-radiographic clinical information or other ancillary information, which could have informed their application of RECIST 1.1 response rules. The published literature demonstrates a consistent decrease in response rate when investigator assessed response rates are verified by independent radiology review. Furthermore, HNSCC lesions are difficult to assess due to the complexity of the anatomic locations. For AIM-HN we will be identifying trial subjects with measurable disease that meets criteria for RECIST 1.1 target lesions by local radiology review. This may further reduce the number of subjects eligible to join AIM-HN within the small pool of HRAS mutant HNSCC patients.

Results from clinical trials conducted at a single clinical site or a small number of clinical sites, may not be predictive of results from additional clinical sites or from subsequent clinical trials. Moreover, preclinical and clinical data are often susceptible to varying interpretations and analyses, and many companies that have believed their product candidates performed satisfactorily in preclinical studies and clinical trials have nonetheless failed to obtain marketing approval of their products. For instance, the FDA previously issued a non-approval letter to Janssen Pharmaceutica NV, or Janssen, for tipifarnib as a treatment for elderly, untreated AML in June 2005. It is impossible to predict with certainty if or when any of our product candidates will prove effective or safe in humans or will receive regulatory approval.

We may experience delays in our clinical trials and we do not know whether ongoing or planned clinical trials will begin or enroll patients on time, need to be redesigned or be completed on schedule, if at all. If the FDA or comparable foreign regulatory authorities, or IRBs have comments on our study plans for our clinical trials of tipifarnib or any of our other product candidates, that we are required to address, such studies may be delayed, or may not start at all. Clinical trials may be delayed, suspended or prematurely terminated at any time by us or by the FDA or other similar regulatory agency if it is determined at any time that patients may be or are being exposed to unacceptable health risks, including risk of death, or if compounds are not manufactured in compliance with current good manufacturing practice, or cGMP, regulations or with acceptable quality. For example, we previously received a partial clinical hold from the FDA on our KO-947 Phase 1 clinical trial. There can be no assurance that the FDA or other similar regulatory agency will not put any of our other product candidates on clinical hold in the future. We may experience numerous unforeseen events during, or as a result of, clinical trials that could delay or prevent our ability to receive marketing approval or commercialize our product candidates. Clinical trials may be delayed, suspended or prematurely terminated because costs are greater than we anticipate or for a variety of reasons, such as:

- failure to generate sufficient preclinical, toxicology or other *in vivo* or *in vitro* data to support the initiation or continuation of clinical trials;
- delay or failure in reaching agreement with the FDA or a comparable foreign regulatory authority on a clinical trial design that we are able to execute;
- delay or failure in obtaining authorization to commence a clinical trial or inability to comply with conditions imposed by a regulatory authority regarding the scope or design of a clinical trial;
- delays in reaching, or failure to reach, agreement on acceptable clinical trial contracts or clinical trial protocols with prospective clinical trial sites;
- inability, delay or failure in identifying and maintaining a sufficient number of clinical trial sites, many of which may already be engaged in other clinical programs;
- delay or failure in recruiting and enrolling suitable subjects to participate in a clinical trial;
- delay or failure in having subjects complete a clinical trial or return for post-treatment follow-up;
- delay or failure in determining an acceptable dose and schedule for a product candidate in a clinical trial;
- clinical sites and investigators deviating from clinical trial protocol, failing to conduct the clinical trial in accordance with regulatory requirements or dropping out of a clinical trial;
- lack of adequate funding to continue the clinical trial, including the incurrence of unforeseen costs due to enrollment delays, requirements to conduct additional clinical studies and increased expenses associated with the services of our CROs and other third parties;
- clinical trials of our product candidates may produce negative or inconclusive results, and we may decide, or regulators may require us, to redesign or modify our clinical trial protocols, conduct additional clinical trials or abandon product development programs;
- the number of patients required for clinical trials of our product candidates may be larger than we anticipate, enrollment in these clinical trials may be slower than we anticipate or participants may drop out of these clinical trials at a higher rate than we anticipate;
- we may experience delays or difficulties in the enrollment of patients whose tumors harbor the specific genetic alterations that our product candidates are designed to target;
- our third-party contractors may fail to comply with regulatory requirements or meet their contractual obligations to us in a timely manner, or at all;
- we may have difficulty partnering with experienced CROs that can screen for patients whose tumors harbor the applicable genetic alterations and run our clinical trials effectively;
- regulators or IRBs may require that we or our investigators suspend or terminate clinical research for various reasons, including noncompliance with regulatory requirements or a finding that the participants are being exposed to unacceptable health risks;
- the supply or quality of our product candidates or other materials necessary to conduct clinical trials of our product candidates may be insufficient or inadequate; or
- there may be changes in governmental regulations or administrative actions.

In addition, our clinical trials have been and may continue to be affected by COVID-19. Clinical site initiation and patient enrollment may be delayed due to prioritization of hospital resources toward COVID-19. Current or potential patients in our ongoing or planned clinical trials may also choose to not enroll, not participate in follow-up clinical visits or drop out of the trial as a precaution against contracting COVID-19. Further, some patients may not be able to comply with clinical trial protocols if quarantines impede patient movement or interrupt healthcare services. Some clinical sites in the United States have started to slow or stop further enrollment of new patients in clinical trials, denied access to site monitors or otherwise curtailed certain operations. Similarly, our ability to recruit and retain principal investigators and site staff who, as healthcare providers, may have heightened exposure to COVID-19, may be adversely impacted. These events could delay our clinical trials, increase the cost of completing our clinical trials and negatively impact the integrity, reliability or robustness of the data from our clinical trials. On May 4, 2020, we announced the suspension and termination of certain development activities due to a pipeline prioritization review, including the suspension of the initiation of a planned registration directed study for tipifarnib in T-cell lymphoma, the suspension of a planned Phase 2 clinical trial for tipifarnib in pancreatic cancer and the termination of our KO-947 ERK inhibitor program.

If we are required to conduct additional clinical trials or other testing of our product candidates beyond those that we currently contemplate, if we are unable to successfully complete clinical trials of our product candidates or other testing, if the results of these clinical trials or tests are not positive or are only modestly positive or if there are safety concerns, we may:

- be delayed in obtaining marketing approval for our product candidates;
- not obtain marketing approval at all;
- obtain approval for indications or patient populations that are not as broad as intended or desired;
- obtain approval with labeling that includes significant use or distribution restrictions or safety warnings that could reduce the potential market for our products or inhibit our ability to successfully commercialize our products;
- be subject to additional post-approval restrictions and/or testing requirements; or
- have the product removed from the market after obtaining marketing approval.

Our product development costs will also increase if we experience delays in testing or marketing approvals. We do not know whether any of our preclinical studies or clinical trials will need to be restructured or will be completed on schedule, or at all. Significant preclinical or clinical trial delays also could shorten any periods during which we may have the exclusive right to commercialize our product candidates or allow our competitors to bring products to market before we do and impair our ability to successfully commercialize our product candidates and may harm our business and results of operations.

Preclinical and clinical testing of tipifarnib that has been conducted to date may not have been performed in compliance with applicable regulatory standards, which could lead to increased costs or material delays for their further development.

We licensed the rights to develop our lead product candidate, tipifarnib, from Janssen in December 2014, and the development of tipifarnib prior to our license was conducted wholly by Janssen or any third parties with which it had contracted. As a result, we were not involved with nor did we have any control over any of those development activities. Because we had no input on Janssen's development activities relating to tipifarnib, we may discover that certain elements of the clinical development or manufacturing activities that Janssen performed were not performed in compliance with applicable regulatory standards or have otherwise been deficient, particularly relative to current requirements as development of tipifarnib began in the 1990s. Any such deficiency in the prior development of tipifarnib may adversely affect our ability to obtain regulatory approval for tipifarnib.

Our product candidates may cause serious adverse events or have unacceptable side effects that could delay, limit or prevent their development.*

If our product candidates are associated with unacceptable side effects in preclinical or clinical trials or have characteristics that are unexpected, we may need to interrupt, delay or abandon their development or limit development to more narrow uses or subpopulations in which the undesirable side effects or other characteristics are less prevalent, less severe or more acceptable from a risk-benefit perspective.

Tipifarnib has been studied in more than 5,000 oncology patients and was generally well tolerated and exhibited a manageable side effect profile. The most common hematologic adverse events of any grade were neutropenia, or low white blood cell count, anemia and thrombocytopenia, or low platelet count. The most common non-hematologic adverse events of

any grade were gastrointestinal system disorders such as nausea, anorexia, diarrhea and vomiting, fatigue and rash. Treatment discontinuation across the prior tipifarnib clinical studies has been in the range of approximately 20-25%. The side effects observed so far in our ongoing Phase 2 clinical trials of tipifarnib have been generally consistent with the prior observations; however, there is no guarantee that additional or more severe side effects will not be identified through further clinical studies, including our AIM-HN clinical trial. Rights to develop tipifarnib in virology indications have been granted by Janssen to EB Pharma LLC, or EB Pharma, a subsidiary of Eiger BioPharmaceuticals. Undesirable side effects may be identified in clinical trials that EB Pharma may conduct in virology indications, which may negatively impact the development, commercialization or potential value of tipifarnib.

We are currently conducting a Phase 1/2A clinical trial to evaluate KO-539 in relapsed or refractory AML. Any observed, drug-related side effects could affect the ability of patients to tolerate potentially therapeutically effective doses of the drug, which in turn could affect patient recruitment or the ability of enrolled patients to complete the clinical trial or result in potential product liability claims. Additionally, if results of our ongoing or planned clinical trials for tipifarnib or KO-539 reveal an unacceptable frequency and severity of serious adverse events or side effects, our trials could be suspended or terminated and the FDA or comparable foreign regulatory agencies could require us to cease further development of, or deny approval of, our product candidates for any or all targeted indications. Many compounds developed in the biopharmaceutical industry that initially showed promise in early-stage testing for treating cancer have later been found to cause side effects that prevented further development of those compounds. Any of these occurrences may significantly harm our business, financial condition and prospects.

We may expend our limited resources to pursue a specific product candidate or indication and fail to capitalize on product candidates or indications that may be more profitable or for which there is a greater likelihood of success.

Because we have limited financial and managerial resources, we must focus on a limited number of research programs and product candidates and on specific indications. As a result, we may forego or delay pursuit of opportunities with other product candidates or for other indications that later prove to have greater commercial potential. Our resource allocation decisions may cause us to fail to capitalize on viable commercial products or profitable market opportunities. Our spending on current and future discovery and preclinical development programs and product candidates for specific indications may not yield any commercially viable products.

Failure by us or our third-party collaborators to successfully develop and commercialize a diagnostic testing platform for use by oncologists could harm our ability to develop and commercialize our product candidates.

One of the central elements of our business strategy is to screen and identify subsets of patients with molecular or genetic alterations who may derive meaningful clinical benefit from our product candidates. Successful identification of these patient subsets depends on the development of sensitive, accurate and cost-effective molecular and other diagnostic tests and the widespread adoption and use of these tests at clinical sites to screen a sufficient number of patients to identify whether they are appropriate candidates for treatment with one our product candidates.

As we do not have in-house diagnostic testing capabilities, we rely extensively on third-party collaborators for the development and commercialization of these diagnostic tests. Our goal is to provide a sensitive, accurate and cost-effective diagnostic testing solution for oncologists, whereby they can obtain molecular testing data that will help them to identify whether their patients are eligible as candidates for enrollment in our clinical trials. Moreover, we anticipate that, if and when tipifarnib receives marketing approval, a significant percentage of patients will be identified using diagnostic testing platforms such as next-generation sequencing, or NGS, testing rather than the qPCR-based companion diagnostic assay we and our third-party collaborators are currently developing.

We and our third-party collaborators may encounter difficulties in developing and obtaining approval for these diagnostic tests. We may also experience difficulties in having these diagnostic tests adopted and used at clinical sites, both during the clinical development phase and if and when approved for commercial sale. Any delay or failure by us or third-party collaborators to develop or obtain regulatory approval of a these diagnostic tests or any failure in having a sufficient number of clinical sites adopt and use these diagnostic tests could delay or prevent approval of our product candidates, which may prevent us from completing our clinical trials or commercializing our products on a timely or profitable basis, if at all.

Failure to successfully validate, develop and obtain regulatory approval for companion diagnostics for our product candidates could harm our drug development strategy and operational results.*

As one of the central elements of our business strategy and clinical development approach, we seek to screen and identify subsets of patients with molecular or genetic alterations who may derive meaningful clinical benefit from our product candidates. To achieve this, certain of our programs will require the development and commercialization of a companion diagnostic for marketing approval. We rely on third-party collaborators for development of companion diagnostics for use in clinical trials and, if successful, will rely on third-party collaborators for development of companion diagnostics for commercialization of our product candidates. Companion diagnostics are developed in conjunction with clinical programs for the associated product and are subject to regulation as medical devices. For example, for tipifarnib for the treatment of HRAS mutant HNSCC, we and our third-party collaborators have obtained an investigational device exemption, or IDE, for use of a qPCR-based assay to identify patients with HRAS mutant tumors as the companion diagnostic in AIM-HN in this indication. Patients can also be enrolled based on information on the patients' tumor HRAS mutation status obtained by the clinical sites from NGS panels used by the site or third parties to characterize patients' tumors. Additionally, we have introduced a minimum tumor HRAS mutant allele frequency as an entry criterion for enrollment in AIM-HN. The results of NGS panels used by our clinical sites may not be accurate or consistent across sites and may not be consistent with results obtained from our companion diagnostic, and our development of tipifarnib or a companion diagnostic may be delayed or complicated as a result.

If the results of AIM-HN or other clinical trials are positive and we validate our biomarker hypotheses in those clinical trials, we plan to partner development and validation of companion diagnostic tests to aid in the selection of patients in any subsequent clinical trials we decide to pursue for those product candidates and to prepare and submit an application for IDE for use of the companion diagnostic in the clinical trials, when necessary. Any delay or failure by us or our third-party collaborators to develop or obtain IDE approval for use of companion diagnostics in our clinical trials could delay or prevent us from commencing or completing our clinical trials. Companion diagnostics are subject to regulation by the FDA and comparable foreign regulatory authorities as medical devices and require separate clearance or approval prior to their commercialization. To date, the FDA has required a premarket approval application of most companion diagnostics for cancer therapies. The FDA has informed us that an approved companion diagnostic is required in order to obtain marketing approval of tipifarnib in HRAS mutant HNSCC. We and our third-party collaborators may encounter difficulties in developing and obtaining approval for these companion diagnostics. Any delay or failure by us or third-party collaborators to develop or obtain regulatory approval of a companion diagnostic could delay or prevent approval of our product candidates. The approval of a companion diagnostic as part of the product label will limit the use of the product candidate to only those patients who express the specific genetic alteration it was developed to detect. We may also experience delays in developing a sustainable, reproducible and scalable manufacturing process or transferring that process to commercial partners or negotiating insurance reimbursement plans, all of which may prevent us from completing our clinical trials or commercializing our products on a timely or profitable basis, if at all.

Failure by us or our third-party collaborators to successfully commercialize companion diagnostics developed for use with our product candidates could harm our ability to commercialize these product candidates.

Even if we or our companion diagnostic collaborators successfully obtain regulatory approval for the companion diagnostics for our product candidates, our collaborators:

- may not perform their obligations as expected;
- may not pursue commercialization of companion diagnostics for our therapeutic product candidates that achieve regulatory approval;
- may elect not to continue or renew commercialization programs based on changes in the collaborators' strategic focus or available funding, or external factors, such as an acquisition, that divert resources or create competing priorities;
- may not commit sufficient resources to the marketing and distribution of such product or products; and
- may terminate their relationship with us.

Additionally, we or our collaborators may encounter production difficulties that could constrain the supply of the companion diagnostics, affect the ease of use, affect the price or have difficulties gaining acceptance of the use of the companion diagnostics in the clinical community.

If companion diagnostics for use with our product candidates fail to gain market acceptance, our ability to derive revenues from sales of our product candidates could be harmed. If insurance reimbursement to the laboratories who perform the companion diagnostic tests is inadequate, utilization may be low, and patient tumors may not be comprehensively screened for the presence of the genetic markers that predict response to our product candidates. If we or our collaborators fail to commercialize these companion diagnostics, we may not be able to enter into arrangements with another diagnostic company to obtain supplies of an alternative diagnostic test for use in connection with our product candidates or do so on commercially reasonable terms, which could adversely affect and delay the development or commercialization of our product candidates.

Risks Related to Our Dependence on Third Parties

We rely on third-party contractors and organizations to conduct our clinical trials, and those third parties may not perform satisfactorily, including failing to meet deadlines for the completion of such clinical trials.*

We rely, and expect to continue to rely, on third-party contractors, clinical data management organizations, independent contractors, medical institutions and clinical investigators to support our preclinical development activities and conduct our clinical trials, including our registration-directed clinical trial of tipifarnib in HRAS mutant HNSCC, our Phase 1/2A clinical trial of KO-539 and any other subsequent clinical trials of tipifarnib and our other product candidates. These agreements may terminate for a variety of reasons, including a failure to perform by the third parties. If we are required to enter into alternative arrangements, our product development activities could be delayed.

We compete with many other companies, some of which may be our business competitors, for the resources of these third parties. Large pharmaceutical companies often have significantly more extensive agreements and relationships with such third-party providers, and such third-party providers may prioritize the requirements of such large pharmaceutical companies over ours. The third parties on whom we rely may terminate their engagements with us at any time, which may cause delay in the development and commercialization of our product candidates. If any such third-party terminates its engagement with us or fails to perform as agreed, we may be required to enter into alternative arrangements, which could result in significant cost and delay to our product development program. Moreover, our agreements with such third parties generally do not provide assurances regarding employee turnover and availability, which may cause interruptions in the research on our product candidates by such third parties.

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

Additionally, we rely substantially on third-party data managers for our clinical trial data. There is no assurance that these third parties will not make errors in the design, management or retention of our data or data systems. There is no assurance that these third parties will pass FDA or other regulatory audits, which could delay or prevent regulatory approval.

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

In addition, the ability of these third parties to conduct certain of their operations, including monitoring of clinical sites, may be limited by the COVID-19 pandemic, and to the extent that such third parties are unable to fulfil their contractual obligations as a result of the COVID-19 pandemic or government orders in response to the pandemic, we may have limited or no recourse under the terms of our contractual agreements with such third parties. Further, if any of the third parties with whom we engage were to experience shutdowns or other substantial disruptions due to the COVID-19 pandemic, our ability to conduct our business in the manner and on the timelines presently planned could be materially and negatively affected, which could have a material adverse impact on our business and our results of operation and financial condition.

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

We do not own or operate facilities for the manufacture of our product candidates and we currently have no plans to build our own clinical or commercial scale manufacturing capabilities. We rely, and expect to continue to rely, on third parties for the manufacture of clinical supplies of tipifarnib and our other product candidates for preclinical and clinical testing. We will rely on third parties as well for commercial manufacture if any of our product candidates receive marketing approval. This reliance on third parties increases the risk that we will not have sufficient quantities of our product candidates or products or such quantities at an acceptable cost or quality, which could delay, prevent or impair our development or commercialization efforts. We also expect to rely on other third parties to package and label the drug product as well as to store and distribute drug supplies for our clinical trials.

The manufacture of pharmaceutical products is complex and requires significant expertise and capital investment, including the development of drug formulation and manufacturing techniques and process controls. Manufacturers of active pharmaceutical ingredients, or APIs, and pharmaceutical products often encounter difficulties in production, particularly in scaling up and validating initial production and absence of contamination. These problems include difficulties with production costs and yields, quality control, including stability of the product, quality assurance testing, operator error, shortages of qualified personnel, as well as compliance with strictly enforced federal, state and foreign regulations. Furthermore, if contaminants are discovered in our products or in the manufacturing facilities in which our products are made, such manufacturing facilities may need to be closed for an extended period of time to investigate and remedy the contamination. We have developed a modified drug product manufacturing process and a modified tablet formulation of tipifarnib we are using in our AIM-HN clinical trial. Even though our Phase 1 relative bioavailability study indicated pharmacokinetic comparability between the original and the modified tablets, we cannot be certain that in our AIM-HN or other clinical trials we will not observe differences between the tablets which could impact clinical outcomes.

If we are unable to develop formulations of our product candidates with acceptable stability and sterility characteristics, or experience an unexpected delay or loss of supply of any of our product candidates for any reason, whether as a result of manufacturing, supply or storage issues or otherwise, our business may be harmed and we may experience delays, disruptions, suspensions or terminations of, or we may be required to restart or repeat, any pending or ongoing clinical trials. Although we generally do not begin a clinical trial unless we believe we have a sufficient supply of a product candidate to complete the clinical trial, we may be required to manufacture additional supplies of our product candidates to the extent our estimates of the amounts required prove inaccurate, we suffer unexpected losses of product candidate supplies, or to the extent that we are required to have fresh product candidate supplies manufactured to satisfy regulatory requirements or specifications. Any significant delay or discontinuation in the supply of a product candidate, or the raw material components thereof, due to the need to replace a supplier, contract manufacturer or other third-party manufacturer, could considerably harm our business and delay completion of our clinical trials, product testing and potential regulatory approval of our product candidates. Any performance failure on the part of our existing or future manufacturers, suppliers or distributors could delay clinical development or marketing approval of our product candidates or commercialization of our products, producing additional losses and depriving us of potential product revenue. If our current contract manufacturers cannot perform as agreed, we may be required to replace such manufacturers. Although we believe that there are several potential alternative manufacturers who could manufacture our product candidates, we may incur added costs and delays in identifying and qualifying any such replacement.

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

- reliance on the third-party for regulatory compliance and quality assurance;
- catastrophic events at the third-party organization;
- the possible breach of the manufacturing agreement by the third-party;
- the possible misappropriation of our proprietary information, including our trade secrets and know-how; and
- the possible termination or nonrenewal of the agreement by the third-party at a time that is costly or inconvenient for us.

The facilities used by our contract manufacturers to manufacture our product candidates must be approved by the applicable regulatory authorities, including the FDA, pursuant to inspections that will be conducted after an NDA is submitted to the FDA. We are completely dependent on our contract manufacturing partners for compliance with the FDA's requirements for manufacture of both the active drug substances and finished drug product for tipifarnib and our other product candidates. If our contract manufacturers cannot successfully manufacture material that conforms to our specifications and the FDA's regulatory requirements, they will not be able to secure or maintain FDA approval for the manufacturing facilities. In addition, we have limited control over the ability of our contract manufacturers to maintain adequate quality control, quality assurance and qualified personnel. If the FDA or any other applicable regulatory authorities does not approve these facilities for the manufacture of our product candidates or if it withdraws any such approval in the future, or if our suppliers or contract manufacturers decide they no longer want to supply or manufacture our products, we may need to find alternative manufacturing facilities, in which case we might not be able to identify manufacturers for clinical or commercial supply on acceptable terms, or at all, which would significantly impact our ability to develop, obtain regulatory approval for or market our product candidates. Third-party manufacturers may not be able to comply with cGMP regulations or similar regulatory requirements outside the United States. Our failure, or the failure of our third-party manufacturers, to comply with applicable regulations could result in sanctions being imposed on us, including clinical holds, fines, injunctions, civil penalties, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of product candidates or products, operating restrictions and criminal prosecutions, any of which could significantly and adversely affect supplies of our products.

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

We and our collaboration partners have been able to continue to supply our clinical products to our patients and currently do not anticipate any interruptions in supply. To the extent our third-party manufacturers and supply chain suppliers are negatively impacted by COVID-19, we may not be able to provide continuous drug supply to our clinical sites and our clinical trials may be delayed or may not be completed which would have a material adverse effect on our business operations and performance.

Risks Related to Regulatory Approval of Our Product Candidates and Other Legal Compliance Matters

If we are not able to obtain, or if there are delays in obtaining, required regulatory approvals, we will not be able to commercialize our product candidates, and our ability to generate revenue will be materially impaired.*

Our product candidates must be approved by the FDA pursuant to an NDA in the United States and by the European Medicines Agency, or EMA, and similar regulatory authorities outside the United States prior to commercialization. The process of obtaining marketing approvals, both in the United States and abroad, is expensive and takes many years, if approval is obtained at all, and can vary substantially based upon a variety of factors, including the type, complexity and novelty of the product candidates involved. In addition, the COVID-19 pandemic could also potentially affect the business of the FDA, the EMA or other health authorities, which could result in delays in meetings related to planned clinical trials and ultimately of reviews and approvals of our product candidates. Failure to obtain marketing approval for a product candidate will prevent us from commercializing the product candidate. We have not received approval to market any of our product candidates from regulatory authorities in any jurisdiction. We have no experience in filing and supporting the applications necessary to gain marketing approvals and expect to rely on third-party CROs to assist us in this process. Securing marketing approval requires the submission of extensive preclinical and clinical data and supporting information to regulatory

authorities for each therapeutic indication to establish the product candidate's safety and efficacy. Securing marketing approval also requires the submission of information about the product manufacturing process to, and inspection of manufacturing facilities by, the regulatory authorities, among other requirements. Our product candidates may not be effective, may be only moderately effective, may not have an acceptable durability of response, may not have an acceptable risk-benefit profile or may prove to have undesirable or unintended side effects, toxicities or other characteristics that may preclude our obtaining marketing approval or prevent or limit commercial use. Regulatory authorities have substantial discretion in the approval process and may refuse to accept any application or may decide that our data are insufficient for approval and require additional preclinical, clinical or other studies. In addition, varying interpretations of the data obtained from preclinical and clinical testing could delay, limit or prevent marketing approval of a product candidate. Changes in marketing approval policies during the development period, changes in or the enactment of additional statutes or regulations, or changes in regulatory review for each submitted product application, may also cause delays in or prevent the approval of an application.

If we experience delays in obtaining approval or if we fail to obtain approval of our product candidates, the commercial prospects for our product candidates may be harmed and our ability to generate revenues will be materially impaired.

We may not be able to benefit from available regulatory exclusivity periods if another company obtains regulatory approval for tipifarnib before we do.

As the composition of matter patents covering tipifarnib expired in the United States and in countries in Europe in 2016 and we have only a limited number of issued U.S. and foreign patents directed to our potential tipifarnib indications, our commercial strategy for tipifarnib relies on obtaining method of use and method of treatment patents, including those directed to specific indications and biomarkers, other patents related to tipifarnib, method of treatment patents related to farnesyl transferase inhibitors including tipifarnib, and on non-patent regulatory exclusivity. In the United States, a pharmaceutical manufacturer may obtain five years of non-patent exclusivity upon FDA approval of an NDA for new chemical entity, or NCE, which is a drug that contains an active moiety that has not been approved by the FDA in any other NDA. An "active moiety" is defined as the molecule or ion responsible for the drug substance's physiological or pharmacologic action. During the five-year exclusivity period, the FDA cannot accept for filing any abbreviated new drug application seeking approval of a generic version of that drug or any Section 505(b)(2) NDA for the same active moiety and that relies on the FDA's findings regarding that drug, except that the FDA may accept an application for filing after four years if the follow-on applicant makes a paragraph IV certification. EB Pharma has licensed rights from Janssen to develop tipifarnib in virology indications. If EB Pharma obtains regulatory approval for tipifarnib in a virology indication before we obtain regulatory approval in one of our oncology or other non-virology indications, the five-year exclusivity period would commence on the date upon which EB Pharma obtains regulatory approval, and as a result, the period of regulatory exclusivity to which we may be entitled may be reduced or eliminated and the commercial prospects for tipifarnib could be harmed as a result.

Additionally, if EB Pharma obtains approval of tipifarnib for a virology indication, EB Pharma may sell tipifarnib at a lower price, which could adversely affect the price at which we could sell tipifarnib for oncology or other non-virology indications.

We may not be able to obtain orphan drug exclusivity for the product candidates for which we seek it, which could limit the potential profitability of such product candidates.

Regulatory authorities in some jurisdictions, including the United States and Europe, may designate drugs for relatively small patient populations as orphan drugs. Under the Orphan Drug Act, the FDA may designate a product as an orphan drug if it is a drug intended to treat a rare disease or condition, which is generally defined as a patient population of fewer than 200,000 individuals in the United States. Generally, if a product with an orphan designation subsequently receives the first marketing approval for the indication for which it receives the designation, then the product is entitled to a period of marketing exclusivity that precludes the applicable regulatory authority from approving another marketing application for the same drug for the same indication during the exclusivity period. The applicable period is seven years in the United States and ten years in Europe. The European exclusivity period can be reduced to six years if a drug no longer meets the criteria for orphan designation or if the drug is sufficiently profitable so that market exclusivity is no longer justified. Orphan drug exclusivity may be lost if the FDA or EMA determines that the request for designation was materially defective, or if the manufacturer is unable to assure sufficient quantity of the drug to meet the needs of patients with the rare disease or condition.

In July 2019, the FDA granted orphan drug designation to KO-539 for the treatment of AML. If KO-539 receives marketing approval for an indication broader than AML, KO-539 may no longer be eligible for marketing exclusivity. In addition, we intend to pursue an orphan designation for some of our other product candidates, including tipifarnib. However, obtaining an orphan designation can be difficult, and we may not be successful in doing so for our other product candidates. The EMA does not generally recognize for orphan designation, molecular defined subsets of non-orphan disease indications, and as an example, EMA previously rejected orphan designation for a drug product for anaplastic lymphoma kinase, or ALK-positive NSCLC. As such, we do not expect to be able to obtain orphan drug designation in Europe for tipifarnib in the subset of HRAS mutant HNSCC at the current time. Even if we were to obtain orphan exclusivity for a product candidate, such as that received for KO-539, that exclusivity may not effectively protect the product from the competition of different drugs for the same orphan condition, which could be approved during the exclusivity period. Additionally, after an orphan drug is approved, the FDA could subsequently approve another application for the same drug for the same condition if the FDA concludes that the later drug is shown to be safer, more effective or makes a major contribution to patient care. The failure to obtain an orphan designation for any product candidates we may develop for the treatment of rare cancers, and/or the inability to maintain that designation for the duration of the applicable exclusivity period, could reduce our ability to make sufficient sales of the applicable product candidate to balance our expenses incurred to develop it, which would have a negative impact on our operational results and financial condition.

If we obtain an orphan designation and FDA approval of any of our product candidates for an oncology indication, we would be entitled to seven years of marketing exclusivity for that orphan indication. However, if a competitor obtained approval of a generic form of such product candidate for another indication, physicians would not be prevented from prescribing the generic drug for the orphan indication during the period of marketing exclusivity. Such prescribing practices could adversely affect the sales of our product candidates for the orphan indication.

A Fast Track Designation by the FDA, such as granted to tipifarnib for the treatment of patients with HRAS mutant HNSCC after progression on platinum therapy and for the treatment of adult patients with relapsed or refractory angioimmunoblastic T-cell lymphoma, follicular T-cell lymphoma and nodal peripheral T-cell lymphoma with T follicular helper phenotype, may not lead to a faster development or regulatory review or approval process and does not increase the likelihood that our product candidates will receive marketing approval.*

If a drug is intended for the treatment of a serious or life-threatening condition and the drug demonstrates the potential to address unmet medical needs for this condition, the drug sponsor may apply to the FDA for Fast Track Designation. The FDA has broad discretion whether or not to grant this designation, and even if we believe a specific product candidate is eligible for this designation, we cannot assure you that the FDA would decide to grant it. We have been granted Fast Track Designation by the FDA for our tipifarnib product candidate for the treatment of patients with HRAS mutant HNSCC after progression on platinum therapy and for the treatment of adult patients with relapsed or refractory angioimmunoblastic T-cell lymphoma, follicular T-cell lymphoma and nodal peripheral T-cell lymphoma with T follicular helper phenotype, but this is no assurance we will receive this designation for any future product candidates. Further, even though we have received this designation for tipifarnib, we may not experience a faster development process, review or approval compared to conventional FDA procedures. The FDA may withdraw Fast Track Designation if it believes that the designation is no longer supported by data from our clinical development program. Many drugs that have received Fast Track Designation have failed to obtain drug approval.

A Breakthrough Therapy Designation by the FDA, even if granted for any of our product candidates, may not lead to a faster development or regulatory review or approval process, and does not increase the likelihood that our product candidates will receive marketing approval.

We do not currently have Breakthrough Therapy Designation for any of our product candidates, but we intend to seek such designation if our clinical data supports such a designation. A Breakthrough Therapy is defined as a drug that is intended, alone or in combination with one or more other drugs, to treat a serious or life-threatening disease or condition, and preliminary clinical evidence indicates that the drug may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. For drugs that have been designated as Breakthrough Therapies, interaction and communication between the FDA and the sponsor can help to identify the most efficient path for development.

Designation as a Breakthrough Therapy is within the discretion of the FDA. Accordingly, even if we believe that one of our product candidates meets the criteria for designation as a Breakthrough Therapy, the FDA may disagree and instead determine not to make such designation. However, the reduced timelines may introduce significant chemistry, manufacturing and controls challenges for product development. In any event, the receipt of a Breakthrough Therapy Designation for a

product candidate may not result in a faster development process, review or approval compared to drugs considered for approval under conventional FDA procedures and does not assure ultimate approval by the FDA. In addition, even if one or more of our product candidates qualify as Breakthrough Therapies, the FDA may later decide that such product candidates no longer meet the conditions for qualification and rescind such designations.

Failure to obtain marketing approval in international jurisdictions would prevent our product candidates from being marketed abroad.

In order to market and sell our products in the European Union and many other jurisdictions, we or our third-party collaborators must obtain separate marketing approvals and comply with numerous and varying regulatory requirements. The approval procedure varies among countries and can involve additional testing and different criteria for approval. The time required to obtain approval may differ substantially from that required to obtain FDA approval. The regulatory approval process outside the United States generally includes all of the risks associated with obtaining FDA approval. In addition, in many countries outside the United States, it is required that the product be approved for reimbursement before the product can be approved for sale in that country. We or our third-party collaborators may not obtain approvals from regulatory authorities outside the United States on a timely basis, if at all. Approval by the FDA does not ensure approval by regulatory authorities in other countries or jurisdictions, and approval by one regulatory authority outside the United States does not ensure approval by regulatory authorities in other countries or jurisdictions or by the FDA. However, failure to obtain marketing approval in some countries or jurisdictions may compromise our ability to obtain approval elsewhere. We may not be able to file for marketing approvals and may not receive necessary approvals to commercialize our products in any market.

Any product candidate for which we obtain marketing approval will be subject to extensive post-approval regulatory requirements and could be subject to post-approval restrictions or withdrawal from the market, and we may be subject to penalties if we fail to comply with regulatory requirements or if we experience unanticipated problems with our products, when and if any of them are approved.

Our product candidates and the activities associated with their development and commercialization, including their testing, manufacture, recordkeeping, labeling, storage, approval, advertising, promotion, sale and distribution, are subject to comprehensive regulation by the FDA and other regulatory authorities. These requirements include, without limitation, submissions of safety and other post-approval information and reports, registration and listing requirements, cGMP requirements relating to manufacturing, quality control, quality assurance and corresponding maintenance of records and documents, including periodic inspections by the FDA and other regulatory authorities, restrictions or requirements regarding the distribution of samples to physicians, tracking and reporting of payments to physicians and other healthcare providers, and recordkeeping requirements.

The FDA may also impose requirements for costly post-approval studies or clinical trials and surveillance to monitor the safety or efficacy of the product. The FDA closely regulates the post-approval marketing and promotion of drugs to ensure drugs are marketed only for the approved indications and in accordance with the provisions of the approved labeling. The FDA imposes stringent restrictions on manufacturers' communications regarding use of their products and if we promote our products beyond their approved indications, we may be subject to enforcement action for off-label promotion. Violations of the Federal Food, Drug and Cosmetic Act relating to the promotion of prescription drugs may lead to investigations alleging violations of federal and state healthcare fraud and abuse laws, as well as state consumer protection laws.

In addition, later discovery of previously unknown adverse events or other problems with our products, manufacturers or manufacturing processes, or failure to comply with regulatory requirements, may yield various results, including:

- restrictions on such products, manufacturers or manufacturing processes;
- restrictions on the labeling or marketing of a product;
- restrictions on product distribution or use;
- requirements to conduct post-approval studies or clinical trials;
- warning or untitled letters;
- withdrawal of the products from the market;
- refusal to approve pending applications or supplements to approved applications that we submit;
- recall of products;
- fines, restitution or disgorgement of profits or revenues;

- suspension or withdrawal of marketing approvals;
- refusal to permit the import or export of our products;
- product seizure; or
- injunctions or the imposition of civil or criminal penalties.

Non-compliance with European Union requirements regarding safety monitoring or pharmacovigilance, and with requirements related to the development of products for the pediatric population, can also result in significant financial penalties. Similarly, failure to comply with the European Union's requirements regarding the protection of personal information can also lead to significant penalties and sanctions.

Our relationships with customers and third-party payors and our general business operations may be subject to applicable anti-kickback, fraud and abuse, privacy and other healthcare laws and regulations, which could expose us to criminal sanctions, civil penalties, contractual damages, reputational harm and diminished profits and future earnings, among other penalties.

Healthcare providers and third-party payors will play a primary role in the recommendation and prescription of any product candidates for which we obtain marketing approval. Our current and future arrangements with healthcare providers, third-party payors and customers may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations that may constrain the business or financial arrangements and relationships through which we market, sell and distribute any products for which we obtain marketing approval. Restrictions under applicable federal and state healthcare laws and regulations include the following:

- the federal Anti-Kickback Statute which prohibits, among other things, individuals and entities from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward, or in return for, either the referral of an individual for, or the purchase, order or recommendation of, any good or service, for which payment may be made under a federal healthcare program such as Medicare and Medicaid;
- the federal civil and criminal false claims, including the civil False Claims Act, which can be enforced by private citizens, on behalf of the government, through whistleblower actions, and civil monetary penalties laws which prohibits, among other things, individuals and entities from knowingly presenting, or causing to be presented, to the federal government, claims for payment that are false or fraudulent or making a false statement to avoid, decrease or conceal an obligation to pay money to the federal government;
- the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, which imposes criminal and civil liability for, among other things, executing a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters;
- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act, or the HITECH Act, and their implementing regulations, which also imposes obligations, including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of protected health information on covered entities which include certain healthcare providers, health plans and healthcare clearinghouses, and their business associates that create, receive, maintain, or transmit protected health information in connection with providing a service for or on behalf of a covered entity;
- the federal Physician Payments Sunshine Act which requires applicable manufacturers of certain drugs, devices, biologics, and medical supplies for which payment is available under Medicare, Medicaid, or the Children's Health Insurance Program, with specific exceptions, to report annually to the Centers for Medicare & Medicaid Services, or CMS, information related to payments and other transfers of value to physicians, as defined by such law, and teaching hospitals, as well as certain manufacturers and group purchasing organizations to report annually ownership and investment interests held by physicians or their immediate family;
- analogous state and foreign laws and regulations, such as state anti-kickback and false claims laws, which may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payors, including private insurers; and

- state and foreign laws that govern the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and often are not preempted by or are in conflict with HIPAA, thus complicating compliance efforts, including the General Data Protection Regulation (EU) 2016/679, or GDPR, which went into effect on May 25, 2018, and imposes privacy and security obligations on any entity that collects and/or processes health data from individuals located in the European Union. Under the GDPR, fines of up to 20 million euros or up to 4% of the annual global turnover of the infringer, whichever is greater, could be imposed for significant non-compliance. As well as complicating our compliance efforts, non-compliance with these laws could result in penalties or significant legal liability.

Some state laws require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government and may require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers, marketing expenditures, and/or drug pricing. Some state and local laws also require the registration of pharmaceutical sales representatives.

Efforts to ensure that our business arrangements with third parties will comply with applicable healthcare laws and regulations will involve substantial costs. It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our operations are found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to significant civil, criminal and administrative penalties, damages, fines, disgorgement, imprisonment, additional reporting requirements and oversight if we become subject to a corporate integrity agreement or similar agreement to resolve allegations of non-compliance with these laws, exclusion from government funded healthcare programs, such as Medicare and Medicaid, disgorgement, contractual damages, reputational harm, diminished profits and future earnings, and the curtailment or restructuring of our operations. If any of the physicians or other healthcare providers or entities with whom we expect to do business is found to be not in compliance with applicable laws, they may be subject to significant criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs.

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

In the United States and some foreign jurisdictions, there have been a number of legislative and regulatory changes and proposed changes regarding the healthcare system that could prevent or delay marketing approval of our product candidates, restrict or regulate post-approval activities and affect our ability to profitably sell any product candidates for which we obtain marketing approval.

For example, in March 2010, President Obama signed into law the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, or collectively the ACA, a sweeping law intended to broaden access to health insurance, improve quality, reduce or constrain the growth of healthcare spending, enhance remedies against fraud and abuse, add new transparency requirements for the healthcare and health insurance industries, impose new taxes and fees on the health industry and impose additional health policy reforms.

Among the provisions of the ACA of importance to our potential product candidates and our business are the following:

- an annual, nondeductible fee on any entity that manufactures or imports specified branded prescription drugs and biologic agents;
- an increase in the statutory minimum rebates a manufacturer must pay under the Medicaid Drug Rebate Program;
- expansion of healthcare fraud and abuse laws, including the civil False Claims Act and the federal Anti-Kickback Statute, new government investigative powers, and enhanced penalties for noncompliance;
- a new Medicare Part D coverage gap discount program, in which manufacturers must now agree to offer 70% point-of-sale discounts off negotiated prices of applicable brand drugs to eligible beneficiaries during their coverage gap period, as a condition for a manufacturer's outpatient drugs to be covered under Medicare Part D;
- extension of manufacturers' Medicaid rebate liability;
- expansion of eligibility criteria for Medicaid programs;
- expansion of the entities eligible for discounts under the Public Health Service pharmaceutical pricing program;

- new requirements to report certain financial arrangements with physicians and teaching hospitals;
- a new requirement to annually report information regarding drug samples that manufacturers and distributors provide to physicians; and
- a new Patient-Centered Outcomes Research Institute to oversee, identify priorities in, and conduct comparative clinical effectiveness research, along with funding for such research.

There remain judicial and Congressional challenges, as well as efforts by the Trump administration to repeal or replace certain aspects of the ACA. Certain changes to the ACA, such as the removal of the ACA's individual health insurance mandate by federal tax legislation, a delay in the implementation of certain ACA-mandated fees, and other changes to the ACA to close the coverage gap in most Medicare drug plans, commonly referred to as the "donut hole," were recently enacted or implemented, and the effect of these changes is unknown. In December 2018, CMS published a final rule permitting further collections and payments to and from certain ACA qualified health plans and health insurance issuers under the ACA risk adjustment program in response to the outcome of federal district court litigation regarding the method CMS uses to determine this risk adjustment. However, on April 27, 2020, the United States Supreme Court reversed a Federal Circuit decision that previously upheld Congress' denial of $12 billion in "risk corridor" funding. On December 14, 2018, a U.S. District Court Judge in Texas ruled that ACA is unconstitutional in its entirety because the "individual mandate" was repealed by Congress as part of the Tax Cuts and Jobs Act. Additionally, on December 18, 2019, the U.S. Court of Appeals for the 5th Circuit upheld the District Court ruling that the individual mandate was unconstitutional and remanded the case back to the District Court to determine whether the remaining provisions of the ACA are invalid as well. On March 2, 2020, the United States Supreme Court granted the petitions for writs of certiorari to review this case, and has allotted one hour for oral arguments, which are expected to occur in the fall of 2020. It is unclear how such litigation and other efforts to repeal and replace ACA will impact ACA and our business. We cannot predict the ultimate content, timing or effect of healthcare reform legislation or regulation or the impact of potential legislation or regulation on us.

In addition, other legislative changes have been proposed and adopted since the ACA was enacted. These changes included aggregate reductions to Medicare payments to providers of up to 2% per fiscal year, starting in 2013, that due to subsequent legislative amendments, will stay in effect through 2030 unless additional Congressional action is taken. The Coronavirus Aid, Relief and Economic Security Act, or CARES Act, which was signed into law in March 2020 and is designed to provide financial support and resources to individuals and businesses affected by the COVID-19 pandemic, suspended the 2% Medicare sequester from May 1, 2020 through December 31, 2020, and extended the sequester by one year, through 2030. In January 2013, President Obama signed into law the American Taxpayer Relief Act of 2012, which, among other things, reduced Medicare payments to certain providers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. These new laws and other potential legislation may result in additional reductions in Medicare and other healthcare funding, which could have a material adverse effect on customers for our drugs, if approved, and accordingly, our financial operations.

Further, recently there has been heightened governmental scrutiny over the manner in which manufacturers set prices for their marketed products. As a result, there have been several recent U.S. Congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to drug pricing, review the relationship between pricing and manufacturer patient programs, reduce the cost of drugs under Medicare, and reform government program reimbursement methodologies for drug products. At the federal level, the Trump administration's budget proposal for fiscal year 2021 includes a $135 billion allowance to support legislative proposals seeking to reduce drug prices, increase competition, lower out-of-pocket drug costs for patients, and increase patient access to lower-cost generic and biosimilar drugs. On March 10, 2020, the Trump administration sent "principles" for drug pricing to Congress, calling for legislation that would, among other things, cap Medicare Part D beneficiary out-of-pocket pharmacy expenses, provide an option to cap Medicare Part D beneficiary monthly out-of-pocket expenses, and place limits on pharmaceutical price increases. Further, the Trump administration previously released a "Blueprint" to lower drug prices and reduce out of pocket costs of drugs that contained proposals to increase drug manufacturer competition, increase the negotiating power of certain federal healthcare programs, incentivize manufacturers to lower the list price of their products, and reduce the out of pocket costs of drug products paid by consumers. The Department of Health and Human Services, or HHS, has solicited feedback on some of these measures and has implemented others under its existing authority. For example, in May 2019, CMS issued a final rule to allow Medicare Advantage Plans the option of using step therapy for Part B drugs beginning January 1, 2020. This final rule codified CMS's policy change that was effective January 1, 2019. Although a number of these and other potential measures may require additional authorization to become effective, Congress and the Trump administration have each indicated that it will continue to seek new legislative and/or administrative measures to control drug costs. At the state level, legislatures have increasingly passed legislation and implemented regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product

access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. Future legislation could potentially change drug pricing dynamics. We cannot predict all of the ways in which future healthcare reform legislation or regulation could affect our business. It is possible that additional governmental action is taken to address the COVID-19 pandemic. For example, on April 18, 2020, CMS announced that qualified health plan issuers under the ACA may suspend activities related to the collection and reporting of quality data that would have otherwise been reported between May and June 2020 given the challenges healthcare providers are facing responding to the COVID-19 virus.

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

Legislative and regulatory proposals have been made to expand post-approval requirements and restrict sales and promotional activities for pharmaceutical products. We cannot be sure whether additional legislative changes will be enacted, or whether FDA regulations, guidance or interpretations will be changed, or what the impact of such changes on the marketing approvals of our product candidates, if any, may be. In addition, increased scrutiny by the U.S. Congress of the FDA's approval process may significantly delay or prevent marketing approval, as well as subject us to more stringent product labeling and post-approval testing and other requirements. Foreign legislative changes may also affect our ability to commercialize our product candidates.

Additionally, California recently enacted legislation that has been dubbed the first "GDPR-like" law in the United States. Known as the California Consumer Privacy Act, or CCPA, it creates new individual privacy rights for consumers (as that word is broadly defined in the law) and places increased privacy and security obligations on entities handling personal data of consumers or households. Effective January 1, 2020, the CCPA requires covered companies to provide new disclosures to California consumers, provides such consumers new ways to opt-out of certain sales of personal information, and allows for a new cause of action for data breaches. The CCPA will likely impact (possibly significantly) our business activities and exemplifies the vulnerability of our business to not only cyber threats but also the evolving regulatory environment related to personal data.

Governments outside the United States tend to impose strict price controls, which may adversely affect our revenues, if any.

In some countries, particularly the countries of the European Union, the pricing of prescription pharmaceuticals is subject to governmental control. In these countries, pricing negotiations with governmental authorities can take considerable time after the receipt of marketing approval for a product. To obtain reimbursement or pricing approval in some countries, we may be required to conduct a clinical trial that compares the cost-effectiveness of our product candidate to other available therapies. If reimbursement for our products is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, our business could be harmed, possibly materially.

If we fail to comply with environmental, health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could harm our business.

We are subject to numerous environmental, health and safety laws and regulations, including those governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes. Our operations involve the use of hazardous and flammable materials, including chemicals and biological materials. Our operations also produce hazardous waste products. We generally contract with third parties for the disposal of these materials and wastes. We cannot eliminate the risk of contamination or injury from these materials. In the event of contamination or injury resulting from our use of hazardous materials, we could be held liable for any resulting damages, and any liability could exceed our resources. We also could incur significant costs associated with civil or criminal fines and penalties for failure to comply with such laws and regulations.

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

In addition, we may incur substantial costs in order to comply with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may impair our discovery, preclinical development or production efforts. Our failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions.

Risks Related to Our Intellectual Property

If we are unable to obtain and maintain intellectual property protection for our product candidates, or if the scope of the intellectual property protection obtained is not sufficiently broad, our competitors could develop and commercialize products similar or identical to ours, and our ability to successfully commercialize our product candidates may be impaired.*

We intend to rely upon a combination of regulatory exclusivity periods, patents, trade secret protection, confidentiality agreements, and license agreements to protect the intellectual property related to our current product candidates and development programs. If the breadth or strength of protection provided by any patents, patent applications or future patents we may own, license, or pursue with respect to any of our current or future product candidates or products is threatened, it could threaten our ability to commercialize any of our current or future product candidates or products. Further, if we encounter delays in our development efforts, the period of time during which we could market any of our current or future product candidates or products under any patent protection we obtain would be reduced. Given the amount of time required for the development, testing and regulatory review of new product candidates or products, patents protecting such candidates might expire before or shortly after such product candidates or products are commercialized.

Our patent rights may not protect our patent protected products and product candidates if competitors devise ways of making products that compete with us without legally infringing our patent rights. For example, our patent rights in tipifarnib are limited in ways that affect our ability to exclude third parties from competing against us. In particular, the patent term for the composition of matter patents covering the API of tipifarnib expired in the United States and countries in Europe in 2016. Composition of matter patents on APIs are generally considered to be the strongest form of intellectual property protection because such patents provide protection without regard to any particular method of use or manufacture or formulation of the API used. The U.S. Patent and Trademark Office, or U.S. PTO, issued us several patents directed to the method of treatment of HRAS mutant HNSCC with tipifarnib and corresponding patents have been issued in a number of foreign jurisdictions. In July and November 2019, the U.S. PTO issued us patents directed to the treatment of HRAS mutant HNSCC with any farnesyl transferase inhibitor. In addition, in July 2019 and January 2020, the European Patent Office granted us patents directed to the method of treatment of HRAS mutant HNSCC patients with tipifarnib. The U.S. PTO also issued us patents directed to the method of treatment of angioimmunoblastic T-cell lymphoma with tipifarnib and the method of treatment of CXCL12-expressing peripheral T-cell lymphomas, or PTCL, or AML with tipifarnib. In October 2019, the U.S. PTO issued us a patent directed to the method of treatment of CXCL12-expressing PTCL or AML with any farnesyl transferase inhibitor.

Although these patents are currently in force, there is no guarantee that a court would agree that any of the patents are valid or enforceable. Further, if a competitor were to develop tipifarnib for use in an indication other than that claimed by the patents, we would not be able to prevent them from marketing tipifarnib in the United States or other jurisdictions based on our currently issued patents. A limited number of patents directed to the use of tipifarnib in certain patients with HRAS mutant HNSCC have been granted in foreign jurisdictions. We are pursuing additional United States and foreign method of treatment patents for tipifarnib and farnesyl transferase inhibitors, however there is no guarantee that any such patents will be granted.

We have issued patents in the United States covering the composition of matter of KO-539 and certain structurally related compounds and methods of using the compounds for treating cancers. Although these patents are currently in force, there is no guarantee that a court would agree that any of the patents are valid or enforceable.

We are pursuing additional U.S. and foreign patents for KO-539; however, there is no guarantee that any such patents will be granted. Patent term extension may be available in the United States to account for regulatory delays in obtaining human marketing approval for a product candidate; however, only one patent may be extended per marketed compound. Under our license agreement with Janssen for tipifarnib, we and Janssen agree to cooperate in obtaining available patent term extensions. We and Janssen may not reach agreement and no patent term extension may be obtained. Additionally, the applicable authorities, including the U.S. PTO and the FDA, and any equivalent regulatory authority in other countries, may not agree with our assessment of whether such extensions are available, and may refuse to grant extensions to patents, or may grant more limited extensions than requested. If this occurs, our competitors who obtain the requisite regulatory approval can offer products with the same API as tipifarnib so long as the competitors do not infringe any method of use patents that we

may hold. Competitors may take advantage of our investment in development and clinical trials by referencing our clinical and preclinical data and launch their product earlier than might otherwise be the case.

We expect that following expiration of patents and any regulatory exclusivity we are able to obtain, competitors may manufacture and sell generic versions of tipifarnib, at a lower price, which would reduce tipifarnib's revenues. In certain jurisdictions, legislation mandates generic substitution for brand name drugs.

We depend on our licensors to prosecute and maintain patents and patent applications that are material to our business. Any failure by our licensors to effectively protect these intellectual property rights could adversely impact our business and operations.

We have licensed patent rights from third parties for some of our development programs, including tipifarnib from Janssen and compounds in our menin-MLL program from the University of Michigan. As a licensee of third parties, we rely on these third parties to file and prosecute patent applications and maintain patents and otherwise protect the licensed intellectual property under some of our license agreements. We have not had and do not have primary control over these activities for certain of our patents or patent applications and other intellectual property rights. We cannot be certain that such activities by third parties have been or will be conducted in compliance with applicable laws and regulations or will result in valid and enforceable patents or other intellectual property rights. Pursuant to the terms of the license agreements with some of our licensors, the licensors may have the right to control enforcement of our licensed patents or defense of any claims asserting the invalidity of these patents and even if we are permitted to pursue such enforcement or defense, we will require the cooperation of our licensors. We cannot be certain that our licensors will allocate sufficient resources or prioritize their or our enforcement of such patents or defense of such claims to protect our interests in the licensed patents. Even if we are not a party to these legal actions, an adverse outcome could harm our business because it might prevent us from continuing to license intellectual property that we may need to operate our business.

With respect to the patent portfolio for tipifarnib, which is in-licensed from Janssen, Janssen maintains rights to prosecute and maintain patents and patent applications within the portfolio as well as to assert such patents against infringers within and outside the scope of our license, and to defend such patents against claims of invalidity and unenforceability. Although we have rights to consult with Janssen on actions taken as well as back-up rights of prosecution and enforcement, rights to tipifarnib granted to another licensee, such as EB Pharma, could potentially influence Janssen's interests in the exercise of its prosecution, maintenance and enforcement rights in a manner that may favor the interests of such other licensee as compared with us.

If we breach any of the agreements under which we license from third parties the commercialization rights to our product candidates, we could lose license rights that are important to our business and our operations could be materially harmed.

We have in-licensed from Janssen the use, development and commercialization rights in all indications other than virology, for our lead product candidate, tipifarnib. We have also in-licensed rights to KO-539 and other compounds in our menin-MLL program from the University of Michigan. Additionally, we have an exclusive worldwide license from Memorial Sloan Kettering Cancer Center to a patent family pertaining to a method of use of tipifarnib. As a result, our current business plans are dependent upon our satisfaction of certain conditions to the maintenance of the Janssen agreement and the rights we license under it and our other in-license agreements. The Janssen license agreement and the University of Michigan license agreement each provide that we are subject to diligence obligations relating to the commercialization and development of the respective product candidates, milestone payments, royalty payments and other obligations. If we fail to comply with any of the conditions or obligations or otherwise breach the terms of our license agreement with Janssen, or any of our other license agreements or license agreements we may enter into on which our business or product candidates are dependent, Janssen or other licensors may have the right to terminate the applicable agreement in whole or in part and thereby extinguish our rights to the licensed technology and intellectual property and/or any rights we have acquired to develop and commercialize certain product candidates, including, with respect to our license agreement with Janssen, tipifarnib. The loss of the rights licensed to us under our license agreement with Janssen, or our other license agreements or any future license agreement that we may enter granting us rights on which our business or product candidates are dependent, would eliminate our ability to further develop the applicable product candidates and would materially harm our business, prospects, financial condition and results of operations.

The patent applications of pharmaceutical and biotechnology companies involve highly complex legal and factual questions, which, if determined adversely to us, could negatively impact our patent position.

The patent position of biotechnology and pharmaceutical companies generally is highly uncertain, involves complex legal and factual questions and has in recent years been the subject of much litigation. In addition, the laws of foreign countries may not protect our rights to the same extent as the laws of the United States. Certain inventions that are patentable in the United States may not be patentable in other countries and vice versa. Further, our ability to enforce our patent rights in foreign jurisdictions may not be as effective as in the United States. For example, some foreign countries, such as India and China, may not allow or enforce patents for methods of treating the human body. Publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the United States and other jurisdictions are typically not published until 18 months after filing, or in some cases not at all. Therefore, we cannot know with certainty whether we or our licensors were the first to make the inventions claimed in our owned or licensed patents or pending patent applications, or that we or our licensors were the first to file for patent protection of such inventions. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain. Our pending and future patent applications may not result in patents being issued which protect our technology or products, in whole or in part, or which effectively prevent others from commercializing competitive technologies and products. Changes in either the patent laws or interpretation of the patent laws in the United States and other countries may diminish the value of our patents or narrow the scope of our patent protection, or eliminate our patent protection completely.

Patent reform legislation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents. On September 16, 2011, the Leahy-Smith America Invents Act, or the Leahy-Smith Act, was signed into law. The Leahy-Smith Act includes a number of significant changes to U.S. patent law. These include provisions that affect the way patent applications are prosecuted and may also affect patent litigation. The U.S. PTO developed new regulations and procedures to govern administration of the Leahy-Smith Act, and many of the substantive changes to patent law associated with the Leahy-Smith Act, and in particular, the first to file provisions, became effective on March 16, 2013. Accordingly, it is not clear what, if any, impact the Leahy-Smith Act will have on the operation of our business. However, the Leahy-Smith Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents, all of which could have a material adverse effect on our business and financial condition.

Moreover, we may be subject to a third-party preissuance submission of prior art to the U.S. PTO, or become involved in opposition, derivation, reexamination, inter partes review, post-grant review or interference proceedings challenging our patent rights or the patent rights of others. An adverse determination in any such submission, proceeding or litigation could reduce the scope of, or invalidate, our patent rights, allow third parties to commercialize our technology or products and compete directly with us, without payment to us, or result in our inability to manufacture or commercialize products without infringing third-party patent rights. In addition, if the breadth or strength of protection provided by our patents and patent applications is threatened, it could dissuade companies from collaborating with us to license, develop or commercialize current or future product candidates.

Even if our owned and licensed patent applications issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors from competing with us or otherwise provide us with any competitive advantage. Even if our owned and licensed patents might provide such protection or competitive advantage, we may not have the resources to effectively enforce our rights under such patents, which can be expensive and time-consuming. Further, our competitors may be able to circumvent our owned or licensed patents by developing similar or alternative technologies or products in a non-infringing manner.

The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, and our owned and licensed patents may be challenged in the courts or patent offices in the United States and abroad. Such challenges may result in loss of exclusivity or freedom to operate or in patent claims being narrowed, invalidated or held unenforceable, in whole or in part, which could limit our ability to stop others from using or commercializing similar or identical technology and products, or limit the duration of the patent protection of our technology and products. Given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized. As a result, our owned and licensed patent portfolio may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours.

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

Periodic maintenance fees, renewal fees, annuity fees and various other governmental fees on patents and/or applications will be due to be paid to the U.S. PTO and various governmental patent agencies outside of the United States in several stages over the lifetime of the patents and/or applications. We have systems in place to remind us to pay these fees, and we employ an outside firm and rely on our outside counsel to pay these fees due to non-U.S. patent agencies. The U.S. PTO and various non-U.S. governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process. We employ reputable law firms and other professionals to help us comply, and in many cases, an inadvertent lapse can be cured by payment of a late fee or by other means in accordance with the applicable rules. However, there are situations in which non-compliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. In such an event, our competitors might be able to enter the market and this circumstance would have a material adverse effect on our business.

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

Because competition in our industry is intense, competitors may infringe or otherwise violate our issued patents, patents of our licensors or other intellectual property. To counter infringement or unauthorized use, we may be required to file infringement claims, which can be expensive and time consuming. Any claims we assert against perceived infringers could provoke these parties to assert counterclaims against us alleging that we infringe their patents. In addition, in a patent infringement proceeding, a court may decide that a patent of ours is invalid or unenforceable, in whole or in part, construe the patent's claims narrowly or refuse to stop the other party from using the technology at issue on the grounds that our patents do not cover the technology in question. An adverse result in any litigation proceeding could put one or more of our patents at risk of being invalidated or interpreted narrowly. We may also elect to enter into license agreements in order to settle patent infringement claims or to resolve disputes prior to litigation, and any such license agreements may require us to pay royalties and other fees that could be significant. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure.

Third parties may initiate legal proceedings alleging that we are infringing their intellectual property rights, the outcome of which would be uncertain and could have a material adverse effect on the success of our business.

Our commercial success depends upon our ability, and the ability of our collaborators, to develop, manufacture, market and sell our product candidates and use our proprietary technologies without infringing the proprietary rights of third parties. There is considerable intellectual property litigation in the biotechnology and pharmaceutical industries. We may become party to, or threatened with, future adversarial proceedings or litigation regarding intellectual property rights with respect to our products and technology, including interference or derivation proceedings before the U.S. PTO. Third parties may assert infringement claims against us based on existing patents or patents that may be granted in the future.

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

We may not be successful in obtaining or maintaining necessary rights for our development pipeline through acquisitions and in-licenses.

Presently we have rights to intellectual property under an exclusive license from Janssen, to develop tipifarnib in all fields other than virology, and an exclusive worldwide license from Memorial Sloan Kettering Cancer Center to a patent family pertaining to a method of use of tipifarnib, as well as an exclusive worldwide license from the University of Michigan for all therapeutic indications for KO-539 and other compounds in our menin-MLL program. Because our programs may

involve additional product candidates that may require the use of proprietary rights held by third parties, the growth of our business may depend in part on our ability to acquire, in-license or use these proprietary rights. Additionally, a companion diagnostic may require that we or a third-party collaborator developing the diagnostic acquire proprietary rights held by third parties, which may not be available. We may be unable to acquire or in-license any compositions, methods of use, or other third-party intellectual property rights from third parties that we identify. The licensing and acquisition of third-party intellectual property rights is a competitive area, and a number of more established companies are also pursuing strategies to license or acquire third-party intellectual property rights that we may consider attractive. These established companies may have a competitive advantage over us due to their size, cash resources and greater clinical development and commercialization capabilities.

For example, we may collaborate with U.S. and foreign academic institutions to accelerate our discovery and preclinical development work under written agreements with these institutions. Typically, these institutions provide us with an option to negotiate a license to any of the institution's rights in technology resulting from the collaboration. Regardless of such right of first negotiation for intellectual property, we may be unable to negotiate a license within the specified time frame or under terms that are acceptable to us. If we are unable to do so, the institution may offer the intellectual property rights to other parties, potentially blocking our ability to pursue our program.

In addition, companies that perceive us to be a competitor may be unwilling to assign or license rights to us. We also may be unable to license or acquire third-party intellectual property rights on terms that would allow us to make an appropriate return on our investment. If we are unable to successfully obtain rights to required third-party intellectual property rights, our business, financial condition and prospects for growth could suffer.

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

In addition to seeking patents for some of our technology and product candidates, we also rely on trade secrets, including unpatented know-how, technology and other proprietary information, to maintain our competitive position. We seek to protect these trade secrets, in part, by entering into non-disclosure and confidentiality agreements with parties who have access to them, such as our employees, corporate collaborators, outside scientific collaborators, contract manufacturers, consultants, advisors and other third parties. We seek to protect our confidential proprietary information, in part, by entering into confidentiality and invention or patent assignment agreements with our employees and consultants, however, we cannot be certain that such agreements have been entered into with all relevant parties. Moreover, to the extent we enter into such agreements, any of these parties may breach the agreements and disclose our proprietary information, including our trade secrets, and we may not be able to obtain adequate remedies for such breaches. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive and time-consuming, and the outcome is unpredictable. In addition, some courts inside and outside the United States are less willing or unwilling to protect trade secrets. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor, we would have no right to prevent them, or those to whom they communicate it, from using that technology or information to compete with us. If any of our trade secrets were to be disclosed to or independently developed by a competitor, our competitive position would be harmed.

Risks Related to the Commercialization of Our Product Candidates

Even if any of our product candidates receives marketing approval, it may fail to achieve the degree of market acceptance by physicians, patients, third-party payors and others in the medical community necessary for commercial success.

If any of our product candidates receives marketing approval, it may nonetheless fail to gain sufficient market acceptance by physicians, patients, third-party payors and others in the medical community. For example, current cancer treatments like chemotherapy and radiation therapy are well established in the medical community, and doctors may continue to rely on these treatments to the exclusion of our product candidates. In addition, physicians, patients and third-party payors may prefer other novel products to ours, such as the recently approved immune-oncology therapies, in which there is increasing awareness and interest. If our product candidates do not achieve an adequate level of acceptance, we may not generate significant product revenues and we may not become profitable. The degree of market acceptance of our product candidates, if approved for commercial sale, will depend on a number of factors, including:

- the efficacy and safety and potential advantages and disadvantages compared to alternative treatments;
- our ability to offer our products for sale at competitive prices;
- the convenience and ease of administration compared to alternative treatments;
- the willingness of the target patient population to try new therapies and of physicians to prescribe these therapies;

- the strength of our marketing and distribution support;
- the availability of third-party coverage and adequate reimbursement, including patient cost-sharing programs such as copays and deductibles;
- our ability to develop or partner with third-party collaborators to develop companion diagnostics;
- the prevalence and severity of any side effects; and
- any restrictions on the use of our products together with other medications.

We currently have no marketing and sales force. If we are unable to establish effective sales or marketing capabilities or enter into agreements with third parties to sell or market our product candidates if they obtain regulatory approval, we may not be able to effectively sell or market our product candidates, if approved, or generate product revenues.

We currently do not have a marketing or sales team for the marketing, sales and distribution of any of our product candidates that are able to obtain regulatory approval. In order to commercialize any product candidates, we must build on a territory-by-territory basis marketing, sales, distribution, managerial and other non-technical capabilities or make arrangements with third parties to perform these services, and we may not be successful in doing so. If our product candidates receive regulatory approval, we intend to establish an internal sales or marketing team with technical expertise and supporting distribution capabilities to commercialize our product candidates, which will be expensive and time consuming and will require significant attention of our executive officers to manage. Capable managers with commercial experience may need to be identified and successfully recruited to our company. Any failure or delay in the development of our internal sales, marketing and distribution capabilities would adversely impact the commercialization of any of our products that we obtain approval to market. With respect to the commercialization of all or certain of our product candidates, we may choose to collaborate, either globally or on a territory-by-territory basis, with third parties that have direct sales forces and established distribution systems, either to augment our own sales force and distribution systems or in lieu of our own sales force and distribution systems. If we are unable to enter into such arrangements when needed on acceptable terms or at all, we may not be able to successfully commercialize any of our product candidates that receive regulatory approval or any such commercialization may experience delays or limitations. If we are not successful in commercializing our product candidates, either on our own or through collaborations with one or more third parties, our future product revenue will suffer and we may incur significant additional losses.

We face substantial competition, which may result in others discovering, developing or commercializing competing products before or more successfully than we do.*

The development and commercialization of new drug products is highly competitive. We face competition with respect to our current product candidates, and we will face competition with respect to any product candidates that we may seek to develop or commercialize in the future, from major pharmaceutical companies, specialty pharmaceutical companies and biotechnology companies worldwide. There are a number of large pharmaceutical and biotechnology companies that currently market and sell products or are pursuing the development of products for the treatment of the disease indications for which we are developing our product candidates. Some of these competitive products and therapies are based on scientific approaches that are the same as or similar to our approach, and others are based on entirely different approaches. Potential competitors also include academic institutions, government agencies and other public and private research organizations that conduct research, seek patent protection and establish collaborative arrangements for research, development, manufacturing and commercialization.

Specifically, there are a large number of companies developing or marketing treatments for cancer, including many major pharmaceutical and biotechnology companies, which may directly compete with tipifarnib, KO-539 and any other future product candidates.

Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective, have fewer or less severe side effects, are more convenient or are less expensive than any products that we may develop. Our competitors also may obtain FDA or other regulatory approval for their products more rapidly than we may obtain approval for ours, which could result in our competitors establishing a strong market position before we are able to enter the market or slow our regulatory approval. In addition, our ability to compete may be affected in many cases by insurers or other third-party payors seeking to encourage the use of generic products. Generic products are currently on the market for the indications that we are pursuing, and additional products are expected to become available on a generic basis over the coming years. If our product candidates achieve marketing approval, we expect that they will be priced at a significant premium over competitive generic products.

Many of the companies against which we are competing or against which we may compete in the future have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals and marketing approved products than we do. Mergers and acquisitions in the pharmaceutical and biotechnology industries may result in even more resources being concentrated among a smaller number of our competitors. Smaller and other early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These third parties compete with us in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs.

The insurance coverage and reimbursement status of newly-approved products is uncertain. Failure to obtain or maintain coverage and adequate reimbursement for new or current products could limit our ability to market those products and decrease our ability to generate revenue.

The availability and extent of coverage and reimbursement by governmental and private payors is essential for most patients to be able to afford expensive treatments. Sales of our product candidates will depend substantially, both domestically and abroad, on the extent to which the costs of our product candidates will be paid by health maintenance, managed care, pharmacy benefit and similar healthcare management organizations, or reimbursed by government health administration authorities, private health coverage insurers and other third-party payors. If reimbursement is not available, or is available only to limited levels, we may not be able to successfully commercialize our product candidates. Even if coverage is provided, the approved reimbursement amount may not be high enough to allow us to establish or maintain pricing sufficient to realize a sufficient return on our investment.

There is significant uncertainty related to the insurance coverage and reimbursement of newly approved products. In the United States, the principal decisions about reimbursement for new medicines are typically made by CMS, an agency within the HHS, as CMS decides whether and to what extent a new medicine will be covered and reimbursed under Medicare. Private payors often, but not always, follow CMS's decisions regarding coverage and reimbursement. It is difficult to predict what CMS will decide with respect to coverage and reimbursement for fundamentally novel products such as ours, as there is no body of established practices and precedents for these new products. One payor's determination to provide coverage for a drug product does not assure that other payors will also provide coverage for the drug product. Further, a payor's decision to provide coverage for a drug product does not imply that an adequate reimbursement rate will be approved. We or our collaborators may need to conduct expensive pharmacoeconomic studies in order to demonstrate the medical necessity and cost-effectiveness of our products, in addition to the costs required to obtain FDA approvals. Nonetheless, our product candidates may not be considered medically necessary or cost-effective.

Reimbursement agencies in countries other than the United States may be more conservative than CMS. For example, a number of cancer drugs have been approved for reimbursement in the United States and have not been approved for reimbursement in certain European countries. Outside the United States, international operations are generally subject to extensive governmental price controls and other market regulations, and we believe the increasing emphasis on cost-containment initiatives in Europe, Canada, and other countries has and will continue to put pressure on the pricing and usage of our product candidates. In many countries, the prices of medical products are subject to varying price control mechanisms as part of national health systems. In general, the prices of medicines under such systems are substantially lower than in the United States. Other countries allow companies to fix their own prices for medicines but monitor and control company profits. Additional foreign price controls or other changes in pricing regulation could restrict the amount that we are able to charge for our product candidates. Accordingly, in markets outside the United States, the reimbursement for our products may be reduced compared with the United States and may be insufficient to generate commercially reasonable revenues and profits.

Moreover, increasing efforts by governmental and third-party payors, in the United States and abroad, to cap or reduce healthcare costs may cause such organizations to limit both coverage and level of reimbursement for new products approved and, as a result, they may not cover or provide adequate payment for our product candidates. In addition, drug-pricing by pharmaceutical companies has come under increased scrutiny. Specifically, there have been several recent U.S. Congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to drug pricing by requiring drug companies to notify insurers and government regulators of price increases and provide an explanation of the reasons for the increase, reduce the out-of-pocket cost of prescription drugs, review the relationship between pricing and manufacturer patient programs and reform government program reimbursement methodologies for drugs. We expect to experience pricing pressures in connection with the sale of any of our product candidates, due to the trend toward managed healthcare, the increasing influence of health maintenance organizations and additional legislative changes. The downward pressure on healthcare costs in general, particularly prescription drugs and

surgical procedures and other treatments, has become very intense. As a result, increasingly high barriers are being erected to the entry of new products into the healthcare market.

In addition to CMS and private payors, professional organizations such as the National Comprehensive Cancer Network and the American Society of Clinical Oncology can influence decisions about reimbursement for new medicines by determining standards for care. In addition, many private payors contract with commercial vendors who sell software that provide guidelines that attempt to limit utilization of, and therefore reimbursement for, certain products deemed to provide limited benefit to existing alternatives. Such organizations may set guidelines that limit reimbursement or utilization of our products.

Further, we or our collaborators will be required to obtain coverage and reimbursement for companion diagnostic tests separate and apart from the coverage and reimbursement we seek for our product candidates, once approved. There is significant uncertainty regarding our and our collaborators ability to obtain coverage and adequate reimbursement for any companion diagnostic test for the same reasons applicable to our product candidates. If insurance coverage and reimbursement for companion diagnostic tests for our product candidates is inadequate, utilization may be low, and patient tumors may not be comprehensively screened for the presence of the genetic markers that predict response to our product candidates.

Product liability lawsuits against us could cause us to incur substantial liabilities and to limit commercialization of any products that we may develop.

We face an inherent risk of product liability exposure related to the testing of our product candidates in human clinical trials and will face an even greater risk if we commercially sell any products that we may develop. If we cannot successfully defend ourselves against claims that our product candidates or products caused injuries, we will incur substantial liabilities. Regardless of merit or eventual outcome, liability claims may result in:

- decreased demand for any product candidates or products that we may develop;
- injury to our reputation and significant negative media attention;
- withdrawal of clinical trial participants;
- significant costs to defend the related litigation;
- substantial monetary awards to clinical trial participants or patients;
- loss of revenue;
- reduced resources of our management to pursue our business strategy; and
- the inability to commercialize any products that we may develop.

Our current product liability insurance coverage may not be adequate to cover all liabilities that we may incur. We may need to increase our insurance coverage as we expand our clinical trials or if we commence commercialization of our product candidates. Insurance coverage is increasingly expensive. We may not be able to maintain insurance coverage at a reasonable cost or in an amount adequate to satisfy any liability that may arise.

Risks Related to Employee Matters, Managing Growth and Macroeconomic Conditions

Our ability to manage our business operations, to execute our strategic plan and to recruit talented employees may be adversely impacted by COVID-19.*

Since early March 2020, we have taken temporary precautionary measures intended to help minimize the risk of COVID-19 to our employees and their families, including temporarily requiring all employees to work remotely. We have suspended non-essential travel worldwide for our employees and prohibited employee attendance at in-person gatherings. Further measures may be taken as the COVID-19 outbreak continues. These measures could negatively affect our business. For instance, remote work may disrupt our operations, limit our ability to interact with and effectively manage our third-party manufacturers, CROs or current and planned clinical trial sites. The measures taken now or in the future to contain the COVID-19 pandemic could negatively affect our ability to recruit and engage new employees and contractors necessary to the successful operation of our business.

We currently have a limited number of employees, are highly dependent on our Chief Executive Officer and our future success depends on our ability to retain key executives and to attract, retain and motivate qualified personnel.*

We are a clinical-stage company with a limited operating history, and, as of March 31, 2020, we had only 62 full-time employees. We are highly dependent on the expertise of Troy E. Wilson, Ph.D., J.D., our President and Chief Executive Officer, as well as the other principal members of our management, scientific and clinical teams. Although we have entered into employment letter agreements with our executive officers, each of them may terminate their employment with us at any time. We do not maintain “key person” insurance for any of our executives or other employees.

Recruiting and retaining qualified scientific, clinical, manufacturing and sales and marketing personnel will also be critical to our success. The loss of the services of our executive officers or other key employees could impede the achievement of our research, development and commercialization objectives and seriously harm our ability to successfully implement our business strategy. Furthermore, replacing executive officers and key employees may be difficult and may take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience required to successfully develop, gain regulatory approval of and commercialize products. Competition to hire from this limited pool is intense, and we may be unable to hire, train, retain or motivate these key personnel on acceptable terms given the competition among numerous pharmaceutical and biotechnology companies for similar personnel. We also experience competition for the hiring of scientific and clinical personnel from universities and research institutions. In addition, we rely on consultants and advisors, including scientific and clinical advisors, to assist us in formulating our discovery and preclinical development and commercialization strategy. Our consultants and advisors may be employed by employers other than us and may have commitments under consulting or advisory contracts with other entities that may limit their availability to us. If we are unable to continue to attract and retain high quality personnel, our ability to pursue our growth strategy will be limited.

We expect to expand our development and regulatory capabilities and potentially implement sales, marketing and distribution capabilities, and as a result, we may encounter difficulties in managing our growth, which could disrupt our operations.

We expect to experience significant growth in the number of our employees and the scope of our operations, particularly in the areas of regulatory affairs and commercial, if any of our product candidates receives marketing approval, sales, marketing and distribution. To manage our anticipated future growth, we must continue to implement and improve our managerial, operational and financial systems, expand our facilities and continue to recruit and train additional qualified personnel. Due to our limited financial resources and the limited experience of our management team in managing a company with such anticipated growth, we may not be able to effectively manage the expansion of our operations or recruit and train additional qualified personnel. The expansion of our operations may lead to significant costs and may divert our management and business development resources. Any inability to manage growth could delay the execution of our business plans or disrupt our operations.

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

Our results of operations could be adversely affected by general conditions in the global economy and in the global financial markets. From time to time, including recently as a result of the COVID-19 pandemic and actions taken to slow its spread, global credit and financial markets have experienced extreme volatility and disruptions, including severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in unemployment rates, and uncertainty about economic stability. A severe or prolonged economic downturn, such as the recent

global financial crisis, could result in a variety of risks to our business, including our ability to raise additional capital when needed on acceptable terms, if at all. A weak or declining economy could also strain our suppliers, possibly resulting in supply disruption. Any of the foregoing could harm our business and we cannot anticipate all of the ways in which the current economic climate and financial market conditions could adversely impact our business.

The United Kingdom's referendum to leave the European Union or "Brexit," has and may continue to cause disruptions to capital and currency markets worldwide. The full impact of the Brexit decision, however, remains uncertain. A process of negotiation will determine the future terms of the United Kingdom's relationship with the European Union. During this period of negotiation, our results of operations and access to capital may be negatively affected by interest rate, exchange rate and other market and economic volatility, as well as regulatory and political uncertainty. Brexit may also have a detrimental effect on our customers, distributors and suppliers, which would, in turn, adversely affect our financial condition.

Our business could be negatively impacted by cyber security threats.*

In the ordinary course of our business, we use our data centers and our networks to store and access our proprietary business information. We face various cyber security threats, including cyber security attacks to our information technology infrastructure and attempts by others to gain access to our proprietary or sensitive information. The procedures and controls we use to monitor these threats and mitigate our exposure may not be sufficient to prevent cyber security incidents. The result of these incidents could include disrupted operations, lost opportunities, misstated financial data, liability for stolen assets or information, increased costs arising from the implementation of additional security protective measures, litigation and reputational damage. Any remedial costs or other liabilities related to cyber security incidents may not be fully insured or indemnified by other means. As a result of the COVID-19 pandemic and the precautions to control the pandemic, we are increasingly dependent upon technology systems and data to operate our business. In particular, the COVID-19 pandemic has caused us to modify our business practices, including the requirement that our office-based employees in the United States and in most of our other key markets work from home. As a result, we are increasingly dependent upon our technology systems to operate our business and our ability to effectively manage our business depends on the security, reliability and adequacy of our technology systems and data, which includes use of cloud technologies.

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 CROs, collaborators and third-parties on whom we rely are vulnerable to damage from computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. As a result of the COVID-19 pandemic and the precautions to control the pandemic, we are increasingly dependent upon technology systems and data to operate our business. In particular, the COVID-19 pandemic has caused us to modify our business practices, including the requirement that our office-based employees in the United States and in most of our other key markets work from home. As a result, we are increasingly dependent upon our technology systems to operate our business and our ability to effectively manage our business depends on the security, reliability and adequacy of our technology systems and data, which includes use of cloud technologies.

While we have not experienced any system failures, accidents or security breaches to date, if such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our drug development programs. For example, the loss of clinical trial data from completed or ongoing or planned clinical trials could result in delays in our regulatory approval efforts and we may incur substantial costs to attempt to recover or reproduce the data. If any disruption or security breach resulted in a loss of or damage to our data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability and/or the further development of our product candidates could be delayed.

Our operations are vulnerable to interruption by natural disasters, power loss, terrorist activity and other events beyond our control, the occurrence of which could materially harm our business.

Businesses located in California have, in the past, been subject to electrical blackouts as a result of a shortage of available electrical power, and any future blackouts could disrupt our operations. We are vulnerable to a major earthquake, wildfire and other natural disasters, and we have not undertaken a systematic analysis of the potential consequences to our business as a result of any such natural disaster and do not have an applicable recovery plan in place. We do not carry any business interruption insurance that would compensate us for actual losses from interruption of our business that may occur, and any losses or damages incurred by us could cause our business to materially suffer.

Risks Related to Ownership of our Common Stock

Our stock price may fluctuate significantly and you may have difficulty selling your shares based on current trading volumes of our stock.*

Our common stock has been listed on the Nasdaq Global Select Market, or Nasdaq, under the symbol "KURA" since November 5, 2015. The high and low price per share of our common stock as reported by Nasdaq during the period from November 5, 2015 until March 31, 2020, were $24.03 and $2.50, respectively. We cannot predict the extent to which investor interest in our company will sustain an active trading market on Nasdaq or any other exchange in the future. We have several stockholders, including affiliated stockholders, who hold substantial blocks of our stock. Sales of large numbers of shares by any of our large stockholders could adversely affect our trading price, particularly given our small historic trading volumes. If stockholders holding shares of our common stock sell, indicate an intention to sell, or if it is perceived that they will sell, substantial amounts of their common stock in the public market, the trading price of our common stock could decline. Moreover, if an active trading market is not sustained or if the volume of trading is limited, holders of our common stock may have difficulty selling their shares.

The price of our common stock may be volatile and may be influenced by numerous factors, some of which are beyond our control.*

The market for our common stock could fluctuate substantially due to a variety of factors, some of which may be beyond our control. In addition to the factors discussed in this "Risk Factors" section and elsewhere in this Quarterly Report, these factors include:

- the product candidates we seek to pursue, and our ability to obtain rights to develop, commercialize and market those product candidates;
- the impact of the COVID-19 pandemic on our business and industry as well as the global economy;
- our decision to initiate a clinical trial, not to initiate a clinical trial or to terminate an existing clinical trial;
- actual or anticipated adverse results or delays in our clinical trials;
- our failure to commercialize our product candidates, if approved;
- changes in the structure of healthcare payment systems;
- unanticipated serious safety concerns related to the use of any of our product candidates;
- adverse regulatory decisions;
- additions or departures of key scientific or management personnel;
- changes in laws or regulations applicable to our product candidates, including without limitation clinical trial requirements for approvals;
- disputes or other developments relating to patents and other proprietary rights and our ability to obtain patent protection for our product candidates;
- our dependence on third parties, including CROs as well as our potential partners that produce companion diagnostic products;
- failure to meet or exceed any financial guidance or expectations regarding development milestones that we may provide to the public;
- actual or anticipated variations in quarterly operating results, liquidity or other indicators of our financial condition;
- failure to meet or exceed the estimates and projections of the investment community;
- overall performance of the equity markets and other factors that may be unrelated to our operating performance or the operating performance of our competitors, including changes in market valuations of similar companies;
- market conditions or trends in the biotechnology and biopharmaceutical industries;
- introduction of new products offered by us or our competitors;
- announcements of significant acquisitions, strategic partnerships, joint ventures or capital commitments by us or our competitors;

- our ability to maintain an adequate rate of growth and manage such growth;
- issuances of debt or equity securities;
- sales of our common stock by us or our stockholders in the future, or the perception that such sales could occur;
- trading volume of our common stock;
- ineffectiveness of our internal control over financial reporting or disclosure controls and procedures;
- general political and economic conditions;
- effects of natural or man-made catastrophic events; and
- other events or factors, many of which are beyond our control.

In addition, the stock market in general, and the stocks of small-cap biotechnology companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies, including recently as a result of the COVID-19 pandemic and actions taken to slow its spread. Broad market and industry factors may negatively affect the market price of our common stock, regardless of our actual operating performance. These events may also lead to securities litigation, which can be expensive and time-consuming to defend, regardless of the merit or outcome. The realization of any of the above risks or any of a broad range of other risks, including those described in these "Risk Factors," could have a dramatic and material adverse impact on the market price of our common stock.

We have broad discretion in the use of our cash and may not use our cash effectively, which could adversely affect our results of operations.

Our management has broad discretion in the application of our cash resources. Because of the number and variability of factors that will determine our use of our cash resources, our management might not apply our cash in ways that ultimately increase the value of our common stock. The failure by our management to apply our cash effectively could harm our business. Pending their use, we may invest our cash in short-term, investment-grade, interest-bearing securities. These investments may not yield a favorable return to our stockholders. If we do not invest or apply our cash in ways that enhance stockholder value, we may fail to achieve expected financial results, which could cause our stock price to decline.

FINRA sales practice requirements may limit a stockholder's ability to buy and sell our stock.

The Financial Industry Regulatory Authority, or FINRA, has adopted rules requiring that, in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative or low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA has indicated its belief that there is a high probability that speculative or low-priced securities will not be suitable for at least some customers. If these FINRA requirements are applicable to us or our securities, they may make it more difficult for broker-dealers to recommend that at least some of their customers buy our common stock, which may limit the ability of our stockholders to buy and sell our common stock and could have an adverse effect on the market for and price of our common stock.

The resale of shares covered by our effective shelf registration statement could adversely affect the market price of our common stock in the public market, should one develop, which result would in turn negatively affect our ability to raise additional equity capital.

The sale, or availability for sale, of our common stock in the public market may adversely affect the prevailing market price of our common stock and may impair our ability to raise additional capital by selling equity or equity-linked securities. We filed a shelf registration statement with the SEC, which has been declared effective, to register the resale of 13,947,599 shares of our common stock. The shelf registration statement permits the resale of these shares at any time, subject to restrictions under applicable law. The resale of a significant number of shares of our common stock in the public market could adversely affect the market price for our common stock and make it more difficult for you to sell shares of our common stock at times and prices that you feel are appropriate. Furthermore, we expect that, because there are a large number of shares registered pursuant to the shelf registration statement, the selling stockholders named in such registration statement will continue to offer shares covered by the shelf registration statement for a significant period of time, the precise duration of which cannot be predicted. Accordingly, the adverse market and price pressures resulting from an offering pursuant to the

shelf registration statement may continue for an extended period of time and continued negative pressure on the market price of our common stock could have a material adverse effect on our ability to raise additional equity capital.

We will incur increased costs and demands upon management as a result of complying with the laws and regulations affecting public companies, which could harm our operating results.

As a public company, we have incurred and will incur significant legal, accounting and other expenses, including costs associated with public company reporting requirements. We also have incurred and will incur costs associated with current corporate governance requirements, including requirements under Section 404 and other provisions of the Sarbanes-Oxley Act of 2002, or Sarbanes-Oxley Act, as well as rules implemented by the SEC or Nasdaq or any other stock exchange or inter-dealer quotations system on which our common stock may be listed in the future. The expenses incurred by public companies for reporting and corporate governance purposes have increased dramatically in recent years.

If we fail to maintain proper and effective internal controls, our ability to produce accurate and timely financial statements could be impaired, which could harm our operating results, our ability to operate our business and investors' views of us.

We are required to comply with certain aspects of Section 404 of the Sarbanes-Oxley Act. Section 404 of the Sarbanes-Oxley Act requires public companies to, among other things, conduct an annual review and evaluation of their internal controls over financial reporting. Ensuring that we have adequate internal financial and accounting controls and procedures in place so that we can produce accurate financial statements on a timely basis is a costly and time-consuming effort that requires frequent evaluation. Our failure to maintain the effectiveness of our internal controls in accordance with the requirements of the Sarbanes-Oxley Act could have a material adverse effect on our business. We could lose investor confidence in the accuracy and completeness of our financial reports, which could have an adverse effect on the price of our common stock. In addition, if our efforts to comply with new or changed laws, regulations and standards differ from the activities intended by regulatory or governing bodies, regulatory authorities may initiate legal proceedings against us and our business may be harmed.

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

We expect that significant additional capital will be needed in the future to continue our planned operations. To raise capital, 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 in a prior transaction may be materially diluted by subsequent sales. Additionally, any such sales may result in material dilution to our existing stockholders, and new investors could gain rights, preferences and privileges senior to those of holders of our common stock. Further, any future sales of our common stock by us or resales of our common stock by our existing stockholders or the perception that such sales could occur could cause the market price of our common stock to decline. In March 2019, we entered into the ATM facility under which we may offer and sell, from time to time, at our sole discretion, shares of our common stock having an aggregate offering price of up to $75.0 million. We have not yet sold any shares of our common stock under the ATM facility.

Pursuant to our Amended and Restated 2014 Equity Incentive Plan, or 2014 Plan, we are authorized to grant equity awards consisting of shares of our common stock to our employees, directors and consultants. As of March 31, 2020, we had 1,336,299 shares of common stock reserved for future issuance under the 2014 Plan and options to purchase up to an aggregate of 5,313,916 shares of common stock outstanding. The number of shares available for future grant under the 2014 Plan will automatically increase on January 1 of each year through January 1, 2025 by 4% of the total number of shares of our common stock outstanding on December 31 of the preceding calendar year, subject to the ability of our board of directors to take action to reduce the size of the increase in any given year. On January 1, 2020, an automatic increase pursuant to the 2014 Plan occurred, resulting in 1,815,361 additional shares available for future grant under the 2014 Plan.

In addition, we may grant or provide for the grant of rights to purchase shares of our common stock pursuant to our 2015 Employee Stock Purchase Plan, or ESPP. As of March 31, 2020, we had 199,162 shares of common stock reserved for future issuance under the ESPP. The number of shares of our common stock reserved for issuance under the ESPP will automatically increase on January 1 of each calendar year through January 1, 2025 by the lesser of 1% of the total number of

shares of our common stock outstanding on December 31 of the preceding calendar year and 2,000,000 shares, subject to the ability of our board of directors to take action to reduce the size of the increase in any given year. In December 2019, the board of directors elected not to automatically increase the number of shares of our common stock reserved for issuance under the ESPP in 2020. In addition, a warrant to purchase up to 33,988 shares of our common stock at an exercise price of $3.31 per share was outstanding as of March 31, 2020.

Any future grants of options, warrants or other securities exercisable or convertible into our common stock, or the exercise or conversion of such shares, and any sales of such shares in the market, could have an adverse effect on the market price of our common stock.

Anti-takeover provisions under our charter documents and Delaware law could delay or prevent a change of control which could limit the market price of our common stock and may prevent or frustrate attempts by our stockholders to replace or remove our current management.

Our amended and restated certificate of incorporation, as amended, and amended and restated bylaws contain provisions that could delay or prevent a change of control of our company or changes in our board of directors that our stockholders might consider favorable. Some of these provisions include:

- a prohibition on stockholder action through written consent, which requires that all stockholder actions be taken at a meeting of our stockholders;
- a requirement that special meetings of stockholders be called only by the chairman of the board of directors, the chief executive officer, or by a majority of the total number of authorized directors;
- advance notice requirements for stockholder proposals and nominations for election to our board of directors;
- division of our board of directors into three classes;
- a requirement that no member of our board of directors may be removed from office by our stockholders except for cause and, in addition to any other vote required by law, upon the approval of not less than 66⅔% of all outstanding shares of our voting stock then entitled to vote in the election of directors;
- a requirement of approval of not less than 66⅔% of all outstanding shares of our voting stock to amend any bylaws by stockholder action or to amend specific provisions of our certificate of incorporation;
- the authority of the board of directors to issue preferred stock on terms determined by the board of directors without stockholder approval and which preferred stock may include rights superior to the rights of the holders of common stock; and
- provide that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors or officers to us or our stockholders, (iii) any action asserting a claim against us arising pursuant to any provision of the Delaware General Corporation Law or our certificate of incorporation or bylaws, or (iv) any action asserting a claim against us governed by the internal affairs doctrine (these choice of forum provisions do not apply to suits brought to enforce a duty or liability created by the Securities Act, the Exchange Act, or any other claim for which the federal courts have exclusive jurisdiction).

In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporate Law, which may prohibit certain business combinations with stockholders owning 15% or more of our outstanding voting stock. These anti-takeover provisions and other provisions in our amended and restated certificate of incorporation, as amended, and amended and restated bylaws could make it more difficult for stockholders or potential acquirers to obtain control of our board of directors or initiate actions that are opposed by the then-current board of directors and could also delay or impede a merger, tender offer or proxy contest involving our company. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing or cause us to take other corporate actions you desire. Any delay or prevention of a change of control transaction or changes in our board of directors could cause the market price of our common stock to decline.

Changes in tax laws or regulations that are applied adversely to us or our customers may have a material adverse effect on our business, cash flow, financial condition or results of operations.*

New income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time, which could affect the tax treatment of our domestic and foreign earnings. Any new taxes could adversely affect our domestic and international business operations, and our business and financial performance. Further, existing tax laws, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us. For example, legislation enacted in 2017, informally titled the Tax Cuts and Jobs Act, significantly revised the Internal Revenue Code of 1986, as amended. Future guidance from the Internal Revenue Service and other tax authorities with respect to the Tax Cuts and Jobs Act may affect us, and certain aspects of the Tax Cuts and Jobs Act could be repealed or modified in future legislation. For example, the CARES Act modified certain provisions of the Tax Cuts and Jobs Act. In addition, it is uncertain if and to what extent various states will conform to the Tax Cuts and Jobs Act, the CARES Act or any newly enacted federal tax legislation. Changes in corporate tax rates, the realization of net deferred tax assets relating to our operations, the taxation of foreign earnings, and the deductibility of expenses under the Tax Cuts and Jobs Act or future reform legislation could have a material impact on the value of our deferred tax assets, could result in significant one-time charges, and could increase our future U.S. tax expense.

Our ability to use net operating loss carryforwards and certain other tax attributes to offset future taxable income or taxes may be limited.*

Under the Tax Cuts and Jobs Act, as modified by the CARES Act, federal net operating losses incurred in tax years beginning after December 31, 2017, may be carried forward indefinitely, but the deductibility of such federal net operating losses in tax years beginning after December 31, 2020, is limited to 80% of taxable income. It is uncertain if and to what extent various states will conform to the Tax Cuts and Jobs Act or the CARES Act. In addition, under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, and corresponding provisions of state law, if a corporation undergoes an “ownership change,” which is generally defined as a greater than 50% change in its equity ownership value over a three-year period, the corporation’s ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes to offset its post-change income or taxes may be limited. We have experienced an ownership change in the past and we may also experience additional ownership changes in the future as a result of subsequent shifts in our stock ownership, some of which may be outside of our control. If an ownership change occurs and our ability to use our net operating loss carryforwards is materially limited, it would harm our future operating results by effectively increasing our future tax obligations. In addition, at the state level, there may be periods during which the use of net operating loss carryforwards is suspended or otherwise limited, which could accelerate or permanently increase state taxes owed. As a result, if we earn net taxable income, we may be unable to use all or a material portion of our net operating loss carryforwards and other tax attributes, which could potentially result in increased future tax liability to us and adversely affect our future cash flows.

We do not intend to pay cash dividends on our capital stock in the foreseeable future.

We have never declared or paid any dividends on our common stock and do not anticipate paying any dividends in the foreseeable future. Any payment of cash dividends in the future would depend on our financial condition, contractual restrictions, including under our term loan facility, solvency tests imposed by applicable corporate laws, results of operations, anticipated cash requirements and other factors and will be at the discretion of our board of directors. Our stockholders should not expect that we will ever pay cash or other dividends on our outstanding capital stock.

ITEM 5. OTHER INFORMATION

On May 2, 2020, we entered into a first amendment to the lease agreement with BRE CA Office Owner LLC, dated January 8, 2020, or Lease Amendment, to amend the commencement date from May 1, 2020 to August 1, 2020.

The foregoing is only a summary of the material terms of the Lease Amendment, and does not purport to be complete and is qualified in its entirety by reference to the full text of the Lease Amendment, which is being filed as an exhibit to this Quarterly Report.

ITEM 6. EXHIBITS

INDEX TO EXHIBITS

Exhibit Number	Description	Filed Herewith	Incorporated by Reference herein from Form or Schedule	Filing Date	SEC File/Reg. Number
3.1	Amended and Restated Certificate of Incorporation of the Registrant, as amended.		8-K (Exhibit 3.1)	6/14/2017	001-37620
3.2	Amended and Restated Bylaws of the Registrant.		8-K (Exhibit 3.2)	6/14/2017	001-37620
4.1	Form of Common Stock certificate.		8-K (Exhibit 4.1)	3/12/2015	000-53058
4.2	Warrant to Purchase Stock issued by Registrant on April 27, 2016 to Oxford Finance LLC.		10-Q (Exhibit 4.3)	8/10/2016	001-37620
10.1+	Executive Employment Agreement, effective as of November 4, 2019, by and between the Registrant and James Basta.	X			
10.2+	Separation Agreement, dated August 21, 2019, by and between the Registrant and John Farnam.	X			
10.3	Office Lease Agreement, dated January 8, 2020, by and between the Registrant and BRE CA Office Owner LLC.		10-K (Exhibit 10.28)	2/25/2020	001-37620
10.4+	Separation Agreement, dated February 5, 2020, by and between the Registrant and Antonio Gualberto, M.D., Ph.D.		10-K (Exhibit 10.29)	2/25/2020	001-37620
10.5	Office Lease Agreement, dated March 24, 2020, by and between the Registrant and East Office Operating Limited Partnership.	X			
10.6	First Amendment to Loan and Security Agreement, dated April 3, 2020, by and between the Registrant and Silicon Valley Bank.		8-K (Exhibit 10.1)	4/7/2020	001-37620
10.7	Second Amendment to Sublease, dated April 22, 2020 by and between the Registrant and Araxes Pharma LLC.	X			
10.8	First Amendment to Office Lease Agreement, dated May 2, 2020 by and between the Registrant and BRE CA Office Owner LLC.	X			
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X			
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X			
32.1	Certifications of Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. 1350.	X			
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.	X			
101.SCH	Inline XBRL Taxonomy Extension Schema Document.	X			
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.	X			
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.	X			

Exhibit Number	Description	Filed Herewith	Incorporated by Reference herein from Form or Schedule	Filing Date	SEC File/Reg. Number
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.	X			
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	X			
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101.INS).	X			

+ Indicates management contract or compensatory plan.

SIGNATURES

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

Kura Oncology, Inc.
A Delaware corporation

Date: May 4, 2020

By: /s/ Troy E. Wilson, Ph.D., J.D.
Troy E. Wilson, Ph.D., J.D.
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 4, 2020

By: /s/ Marc Grasso, M.D.
Marc Grasso, M.D.
Chief Financial Officer and Chief Business Officer
(Principal Financial and Accounting Officer)

Exhibit 10.1

KURA ONCOLOGY, INC.

EXECUTIVE EMPLOYMENT AGREEMENT
FOR
JAMES BASTA

This Executive Employment Agreement (the "***Agreement***"), entered into between Kura Oncology, Inc. (the "***Company***") and James Basta (the "***Executive***") (collectively, the "***Parties***"), is effective as of November 4, 2019 (the "***Effective Date***").

WHEREAS, the Company desires Executive to provide employment services to the Company, and wishes to provide Executive with certain compensation and benefits in return for such employment services; and

WHEREAS, Executive wishes to be employed by the Company and to provide personal services to the Company in return for certain compensation and benefits.

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

1. EMPLOYMENT BY THE COMPANY.

1.1 Position. Executive will serve as the **CHIEF LEGAL OFFICER** of the Company. During the term of Executive's employment with the Company, Executive will devote Executive's best efforts and substantially all of Executive's business time and attention to the business of the Company, except for approved vacation periods and reasonable periods of illness or other incapacities permitted by the Company's general employment policies.

1.2 Duties and Location. Executive will perform such duties as are required by the Company's **CHIEF EXECUTIVE OFFICER** to whom Executive will report. Executive's primary office location will be the Company's Cambridge, Massachusetts office, or in such other office location in the greater Boston, Massachusetts area determined by the Company (and, if Executive relocates to San Diego, California, then Executive's primary office location will thereafter be in the Company's San Diego office). The Company reserves the right to reasonably require Executive to perform Executive's duties at places other than Executive's primary office location from time to time, and to require reasonable business travel. The Company may modify Executive's job title and duties as it deems necessary and appropriate in light of the Company's needs and interests from time to time.

1.3 Policies and Procedures. The employment relationship between the Parties will be governed by the general employment policies and practices of the Company, except that when the terms of this Agreement differ from or are in conflict with the Company's general employment policies or practices, this Agreement will control.

2. COMPENSATION.

2.1 Salary. For services to be rendered hereunder, Executive will receive a base salary at the rate of $**390,000** per year (the "***Base Salary***") payable in installments in accordance with the Company's regular payroll schedule.

2.2 Bonus. Executive will be eligible for an annual discretionary bonus of up to **40**% of Executive's Base Salary (the "***Annual Bonus***") beginning with the year ending December 31, 2020. Whether Executive receives an Annual Bonus for any given year, and the amount of any such Annual Bonus, will be determined by the Company's Board of Directors ("***Board***") in its sole discretion based upon the Company's and Executive's achievement of objectives and milestones to be determined on an annual basis by the Board. Executive must remain an active employee through the end of any given calendar year in order to earn an Annual Bonus for that year and any such bonus will be paid prior to March 15 of the year following the year in which such bonus was earned. Executive will not be eligible for, and will not earn, any Annual Bonus (including a prorated bonus) if Executive's employment terminates for any reason before the end of the calendar year.

2.3 Sign-On Bonus. Within ten (10) days after the commencement of Executive's employment with the Company, the Company will pay the Executive a one-time sign-on bonus of $**100,000**, less applicable deductions for employment taxes and other required withholdings (the "***Sign-On Bonus***").

2.4 Relocation Payment. Pursuant to Section 1.2 above, Executive's primary office location shall be the Company's office located in the greater Boston, Massachusetts area but, in light of the Company's organizational goals, Executive and Executive's family are encouraged to permanently relocate to the San Diego, California area. Subject to Executive's continuous employment and Executive's permanent relocation to the San Diego, California area within 24 months following the date on which Executive's employment commences with the Company, the completion of which shall be determined in the sole discretion of the Chief Executive Officer, Executive shall receive a one-time relocation payment of **$100,000**, less applicable deductions for employment taxes and other required withholdings, payable within 30 days of the relocation (the "***Relocation Bonus***"). Notwithstanding the foregoing: (1) as a condition to Executive's right to receive a Relocation Bonus, within 10 calendar days of the date of Executive's relocation, Executive must provide evidence of such relocation sufficient for the Company's Chief Executive Officer to make a determination that such relocation has occurred and when it occurred; (2) if Executive completes his relocation before December 5 in a calendar year then the Relocation Bonus will be paid in the year of the relocation; and (3) if Executive completes his relocation on or after December 5 in a calendar year, then the Relocation Bonus will be paid in the next subsequent calendar year.

2.5 Equity. Subject to the approval by the Board, and as further consideration for Executive's employment, the Company shall grant Executive an option to purchase **175,000** shares of the Company's common stock ("Common Stock") at a per share exercise price equal to the closing sales price for the Common Stock on the principal trading market for the Common Stock on the grant date of the option (the "***Option***"). The Option will be subject to the terms and conditions of the Company's Amended and Restated 2014 Equity

Incentive Plan (the "Plan"), and an option agreement between Company and Executive. The Option will be subject to vesting over a four (4) year period according to the following schedule: 25% of the shares will vest as of the one-year anniversary of the vesting commencement date and 1/48th of the shares will vest monthly thereafter, so long as Executive remains in continuous service with the Company through the applicable vesting dates.

3. **Standard Company Benefits.** Executive shall be entitled to participate in all employee benefit programs for which Executive is eligible under the terms and conditions of the benefit plans that may be in effect from time to time and provided by the Company to its employees. The Company reserves the right to cancel or change the benefit plans or programs it offers to its employees at any time.

4. **Paid Time Off.** Executive will be entitled to accrue and use paid time off in accordance with the terms of the Company's paid time off policy and practices, provided, however, that in no event will Executive's paid time off accrual rate be lower than four (4) weeks per year.

5. **Expenses.** The Company will reimburse Executive for reasonable travel, entertainment or other expenses incurred by Executive in furtherance or in connection with the performance of Executive's duties hereunder, in accordance with the Company's expense reimbursement policy as in effect from time to time.

6. **Termination of Employment; Severance.**

6.1 **At-Will Employment.** Executive's employment relationship is at-will. Either Executive or the Company may terminate the employment relationship at any time, with or without Cause or advance notice.

6.2 **Termination Without Cause; Resignation for Good Reason.**

(a) Not in Connection with a Corporate Transaction. In the event Executive's employment with the Company is terminated by the Company without Cause (other than by reason of death or disability), or Executive resigns for Good Reason, then provided such termination or resignation constitutes a "separation from service" (as defined under Treasury Regulation Section 1.409A-1(h), without regard to any alternative definition thereunder, a "***Separation from Service***"), the Separation from Service occurs more than 59 days prior to or 12 months after the closing of a Corporate Transaction, the Company shall pay Executive's base salary and accrued and unused vacation benefits earned through the date of termination, at the rate in effect at the time of termination, less standard deductions and withholdings. In addition, if Executive provides a signed release of claims in a form reasonably satisfactory to the Company (the "***Release***") and allows such Release to become irrevocable and effective no later than 60 days following Executive's Separation from Service, and provided that Executive remains in compliance with the terms of this Agreement, the Company will provide Executive with the following severance benefits:

(i) A cash lump-sum payment in an amount equal to **12** months of Executive's annual base salary at the rate in effect on the effective date of Executive's Separation from Service, ignoring any decrease in base salary that forms the basis for Good

Reason, less standard deductions and withholdings, payable on the 60th day following Executive's Separation from Service.

(ii) Provided Executive timely elects continued coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("***COBRA***"), the Company will reimburse Executive's COBRA premiums to continue Executive's coverage (including coverage for eligible dependents, if applicable) through the period (the "***COBRA Premium Period***") starting on the Executive's Separation from Service and ending on the earliest to occur of: (i) **12** months following Executive's Separation from Service; (ii) the date Executive becomes eligible for group health insurance coverage through a new employer; or (iii) the date Executive ceases to be eligible for COBRA continuation coverage for any reason. In the event Executive becomes covered under another employer's group health plan or otherwise ceases to be eligible for COBRA during the COBRA Premium Period, Executive must immediately notify the Company of such event. It shall be Executive's obligation to complete the steps necessary to continue this coverage under COBRA, to pay the required COBRA premiums, and to submit to the Company sufficient documentation of such payments within sixty (60) days of making such payments to obtain reimbursement from the Company pursuant to this paragraph.

(b) In Connection with a Corporate Transaction. In the event Executive's employment with the Company is terminated by the Company without Cause (other than by reason of death or disability), or Executive resigns for Good Reason, and provided such termination or resignation constitutes a Separation from Service and such the Separation from Service occurs within 59 days prior to, on or within 12 months following the closing of a Corporate Transaction, the Company shall pay Executive's base salary and accrued and unused vacation benefits earned through the date of termination, at the rate in effect at the time of termination, less standard deductions and withholdings. In addition, if Executive provides a signed Release and allows such Release to become irrevocable and effective no later than 60 days following Executive's Separation from Service, and provided that Executive remains in compliance with the terms of this Agreement, the Company will provide Executive with the following severance benefits:

(i) A cash lump-sum payment in an amount equal to **12** months of Executive's annual base salary at the rate in effect on the effective date of Executive's Separation from Service, ignoring any decrease in base salary that forms the basis for Good Reason, less standard deductions and withholdings, payable on the 60th day following Executive's Separation from Service.

(ii) A cash lump-sum payment in an amount equal to the Executive's full target bonus amount for services to be performed during the year in which the Corporate Transaction occurs, less standard deductions and withholdings, payable on the 60th day following Executive's Separation from Service.

(iii) Provided Executive timely elects continued coverage under COBRA, the Company will reimburse Executive's COBRA premiums to continue Executive's coverage (including coverage for eligible dependents, if applicable) through the COBRA Premium Period. In the event Executive becomes covered under another employer's group health plan or otherwise ceases to be eligible for COBRA during the COBRA Premium

Period, Executive must immediately notify the Company of such event. It shall be Executive's obligation to complete the steps necessary to continue this coverage under COBRA, to pay the required COBRA premiums, and to submit to the Company sufficient documentation of such payments within sixty (60) days of making such payments to obtain reimbursement from the Company pursuant to this paragraph.

(iv) One hundred percent of any equity held by Executive will be deemed vested and exercisable (if applicable) as of Executive's last day of employment, provided, however, that with respect to any performance based vesting equity awards held by Executive that have multiple vesting levels depending upon the level of performance, such equity awards will vest at the target level.

(c) COBRA. Notwithstanding Sections 6.2(a)(ii) and 6.2(b)(iii), if the Company determines, in its sole discretion, that the Company cannot provide the COBRA premium benefits without potentially incurring financial costs or penalties under applicable law (including, without limitation, Section 2716 of the Public Health Service Act), the Company shall in lieu thereof pay Executive a taxable cash amount, which payment shall be made regardless of whether the Executive or the Executive's qualifying family members elect COBRA continuation coverage (the "***Health Care Benefit Payment***"). The Health Care Benefit Payment shall be paid in monthly installments during the COBRA Premium Period and shall be equal to the amount that the Company otherwise would have paid to Executive for COBRA insurance premiums (which amount shall be calculated based on the premium for the first month of coverage), and shall be paid until the expiration of the COBRA Premium Period, but determined without regard to whether or not the Executive continues to be eligible for COBRA coverage.

6.3 Resignation Without Good Reason; Termination for Cause; Death or Disability. If Executive resigns without Good Reason, or the Company terminates Executive's service for Cause, or upon a termination due to Executive's death or disability, then all payments of compensation by the Company to Executive hereunder will terminate immediately (except as to amounts already earned), and Executive will not be entitled to any severance benefits under Section 6.2(a) or Section 6.2(b).

7. Section 280G.

7.1 If any payment or benefit Executive would receive from the Company or otherwise (***"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 imposed by Section 4999 of the Code (the ***"Excise Tax"***), then such 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 being subject to the Excise Tax or (y) the largest portion, up to and including the total, of the Payment, whichever amount, 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 Executive'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 Executive. 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***"). Notwithstanding the foregoing, 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 of the Code that would not otherwise be subject to taxes pursuant to Section 409A of the Code, 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 of the Code as follows: (A) as a first priority, the modification shall preserve to the greatest extent possible, the greatest economic benefit for Executive 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 of the Code shall be reduced (or eliminated) before Payments that are not deferred compensation within the meaning of Section 409A of the Code.

7.2 In the event it is subsequently determined by the Internal Revenue Service that some portion of the Reduced Amount as determined pursuant to clause (x) in the preceding paragraph is subject to the Excise Tax, Executive agrees to promptly return to the Company a sufficient amount of the Payment so that no portion of the Reduced Amount is subject to the Excise Tax. For the avoidance of doubt, if the Reduced Amount is determined pursuant to clause (y) in the preceding paragraph, Executive will have no obligation to return any portion of the Payment pursuant to the preceding sentence.

7.3 Unless Executive and the Company agree on an alternative accounting firm, the accounting firm engaged by the Company for general tax compliance purposes as of the day prior to the effective date of the Corporate Transaction shall perform the foregoing calculations. If the accounting firm so engaged by the Company is serving as accountant or auditor for the individual, entity or group effecting the Corporate Transaction, the Company shall appoint a nationally recognized accounting firm to make the determinations required hereunder. The Company shall bear all expenses with respect to the determinations by such accounting firm required to be made hereunder.

7.4 The Company shall use commercially reasonable efforts to cause the accounting firm engaged to make the determinations hereunder to provide its calculations, together with detailed supporting documentation, to Executive and the Company within fifteen (15) calendar days after the date on which Executive's right to a Payment is triggered (if requested at that time by Executive or the Company) or such other time as requested by Executive or the Company.

8. SECTION 409A.

8.1 It is intended that all of the severance benefits and other payments payable under this Agreement satisfy, to the greatest extent possible, the exemptions from the application of Code Section 409A provided under Treasury Regulations 1.409A-1(b)(4), 1.409A-1(b)(5) and 1.409A-1(b)(9), and this Agreement will be construed to the greatest extent possible as consistent

with those provisions, and to the extent not so exempt, this Agreement (and any definitions hereunder) will be construed in a manner that complies with Code Section 409A.

8.2 A termination of employment will not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination is also a Separation from Service and, for purposes of any such provision of this Agreement, references to a "termination," "termination of service" or like terms will mean Separation from Service. If Executive is deemed on the date of termination to be a "specified employee" within the meaning of that term under Code Section 409A(a)(2)(B), then with regard to any payment or the provision of any benefit that is considered deferred compensation under Code Section 409A payable on account of a Separation from Service, such payment or benefit will be made or provided at the date which is the earlier of (A) the expiration of the six-month period measured from the date of such Separation from Service of Executive, and (B) the date of Executive's death, to the extent required under Code Section 409A. Upon the expiration of the foregoing delay period, all payments and benefits delayed pursuant to this Section 8.2 (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) will be paid or reimbursed to Executive in a lump sum, and any remaining payments and benefits due under this Agreement will be paid or provided in accordance with the normal payment dates specified for them herein.

8.3 To the extent that reimbursements or other in-kind benefits under this Agreement constitute "nonqualified deferred compensation" for purposes of Code Section 409A, (A) all expenses or other reimbursements hereunder will be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by Executive, (B) any right to reimbursement or in-kind benefits will not be subject to liquidation or exchange for another benefit, and (C) no such reimbursement, expenses eligible for reimbursement, or in-kind benefits provided in any taxable year will in any way affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year.

8.4 For purposes of Code Section 409A, Executive's right to receive any installment payments pursuant to this Agreement will be treated as a right to receive a series of separate and distinct payments. Whenever a payment under this Agreement specifies a payment period with reference to a number of days, the actual date of payment within the specified period will be within the sole discretion of the Company. Notwithstanding any other provision of this Agreement to the contrary, in no event will any payment under this Agreement that constitutes "nonqualified deferred compensation" for purposes of Code Section 409A be subject to offset by any other amount unless otherwise permitted by Code Section 409A.

9. DEFINITIONS.

9.1 ***"Cause"*** with respect to Executive means Executive has: (a) been convicted of or pled guilty or *nolo contendere* to a felony or any crime involving moral turpitude or dishonesty; (b) participated in a fraud or act of dishonesty against the Company; (c) materially breached any agreement between such Executive and the Company or any written policy of the Company, and not cured such breach within five days of the Company's written notice of such breach; (d) engaged in conduct that demonstrates gross unfitness to serve; or (e) engaged in willful

misconduct or refused to comply with any lawful directive of the Company, and not cured such noncompliance within five days of the Company's written notice of such noncompliance.

9.2 ***"Code"*** means the Internal Revenue Code of 1986, as amended.

9.3 "***Good Reason***" will exist for Executive's resignation from employment with the Company if any of the following actions are taken by the Company without Executive's prior written consent:

(a) a material reduction in Executive's base salary, unless pursuant to a salary reduction program applicable generally to the Company's similarly situated employees;

(b) a material reduction in Executive's duties (including responsibilities and/or authorities);

(c) a material reduction in the authority, duties, or responsibilities of the supervisor to whom Executive is required to report, including a requirement that Executive report to an employee of the Company instead of the CEO;

(d) relocation of Executive's principal place of employment to a place that increases Executive's one-way commute by more than 50 miles as compared to Executive's then-current principal place of employment immediately prior to such relocation; or

(e) any other action or inaction that constitutes a material breach by the Company of this Agreement or any agreement under which Executive provides services.

Provided, however that, such termination by the Executive shall only be deemed for Good Reason pursuant to the foregoing definition if (i) the Company is given written notice from the Executive within 30 days following the first occurrence of the condition that Executive considers to constitute Good Reason describing the condition and the Company fails to satisfactorily remedy such condition within 30 days following such written notice, and (ii) the Executive terminates employment within 90 days following the end of the period within which the Company was entitled to remedy the condition constituting Good Reason but failed to do so.

9.4 ***"Corporate Transaction"*** means the consummation, in a single transaction or in a series of related transactions, of any one or more of the following events:

(a) a sale, lease or other disposition of all or substantially all, as determined by the Board in its sole discretion, of the consolidated assets of the Company and its subsidiaries;

(b) a merger, consolidation, or similar transaction of the Company following which such entity is not the surviving entity;

(c) a merger, consolidation or similar transaction of the Company following which such entity is the surviving entity but the shares outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of

the merger consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise.

Notwithstanding the foregoing, the term Corporate Transaction will not include (i) a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company, or (ii) the acquisition of securities of the Company by an investor or any affiliate thereof that acquires the Company's securities in a transaction or series of related transactions the primary purpose of which is to obtain financing for the Company through the issuance of equity securities. In addition, to the extent required for compliance with Code Section 409A, in no event will an event be deemed a Corporate Transaction if such transaction is not also a "change in the ownership or effective control of" the Company or "a change in the ownership of a substantial portion of the assets of" the Company as determined under Treasury Regulation Section 1.409A-3(i)(5) (without regard to any alternative definition thereunder).

10. PROPRIETARY INFORMATION OBLIGATIONS.

10.1 Confidential Information Agreement. As a condition of employment, Executive will execute and abide by the Company's standard form of Proprietary Information and Invention Assignment Agreement (the "***Confidentiality Agreement***") and Arbitration Agreement.

10.2 Third-Party Agreements and Information. Executive represents and warrants that Executive's employment by the Company does not conflict with any prior employment or consulting agreement or other agreement with any third party, and that Executive will perform Executive's duties to the Company without violating any such agreement. Executive represents and warrants that Executive does not possess confidential information arising out of prior employment, consulting, or other third party relationships, that would be used in connection with Executive's employment with the Company, except as expressly authorized by that third party. During Executive's employment with the Company, Executive will use in the performance of Executive's duties only information which is generally known and used by persons with training and experience comparable to Executive's own, common knowledge in the industry, otherwise legally in the public domain, or obtained or developed by the Company or by Executive in the course of Executive's work for the Company.

11. OUTSIDE ACTIVITIES DURING EMPLOYMENT.

11.1 Non-Company Business. Except with the prior written consent of the Chief Executive Officer, Executive will not during the term of Executive's employment with the Company undertake or engage in any employment, occupation or business enterprise, other than ones in which Executive is a passive investor or as permitted under Section 11.2. Executive shall be entitled to serve on the board of directors of such other companies as may be approved in advance by the Chief Executive Officer, in each case, so long as Executive remain in compliance with Section 11 and such service does not interfere with Executive's duties under this Agreement. Executive may engage in civic and not-for-profit activities so long as such activities do not materially interfere with the performance of Executive's duties hereunder.

11.2 No Adverse Interests. Except with the prior written consent of the Chief Executive Officer, Executive will not during the term of Executive's employment with the

Company acquire, assume or participate in, directly or indirectly, any position, investment or interest known to be adverse or antagonistic to the Company, its business or prospects, financial or otherwise, provided that this does not prohibit Executive's continued involvement in any existing investments or ownership, for investment purposes only, of not more than 3% of the outstanding stock of any company listed on a national securities exchange, or actively traded in a national over-the-counter market.

12. **NON-SOLICITATION.** Executive agrees that during the period of employment with the Company and for 12 months after the date Executive's employment is terminated for any reason, Executive will not, either directly or through others, solicit or encourage or attempt to solicit or encourage any employee, independent contractor, or consultant of the Company to terminate his or her relationship with the Company in order to become an employee, consultant or independent contractor to or for any other person or entity.

13. **DISPUTE RESOLUTION.** To ensure the timely and economical resolution of disputes that may arise in connection with Executive's employment with the Company, Executive and the Company agree that any and all disputes, claims, or causes of action arising from or relating to the enforcement, breach, performance, negotiation, execution, or interpretation of this Agreement, Executive's employment, or the termination of Executive's employment, including but not limited to statutory claims, will be resolved to the fullest extent permitted by law by final, binding and confidential arbitration, by a single arbitrator, in San Diego, California, conducted by JAMS, Inc. ("***JAMS***") under the then applicable JAMS rules (which can be found at the following web address: http://www.jamsadr.com/rulesclauses). By agreeing to this arbitration procedure, both Executive and the Company waive the right to resolve any such dispute through a trial by jury or judge or administrative proceeding. The Company acknowledges that Executive will have the right to be represented by legal counsel at any arbitration proceeding. The arbitrator will: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be permitted by law; and (b) issue a written arbitration decision, to include the arbitrator's essential findings and conclusions and a statement of the award. The arbitrator will be authorized to award any or all remedies that Executive or the Company would be entitled to seek in a court of law. The Company will pay all JAMS' arbitration fees in excess of the amount of court fees that would be required of the Executive if the dispute were decided in a court of law. Nothing in this Agreement is intended to prevent either Executive or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. Any awards or orders in such arbitrations may be entered and enforced as judgments in the federal and state courts of any competent jurisdiction.

14. **GENERAL PROVISIONS.**

14.1 **Notices.** Any notices provided must be in writing and will be deemed effective upon the earlier of personal delivery (including personal delivery by fax) or the next day after sending by overnight carrier, to the Company at its primary office location and to Executive at the address as listed on the Company payroll.

14.2 **Severability.** Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable

law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or any other jurisdiction, but this Agreement will be reformed, construed and enforced in such jurisdiction to the extent possible in keeping with the intent of the parties.

14.3 **Waiver.** Any waiver of any breach of any provisions of this Agreement must be in writing to be effective, and it will not thereby be deemed to have waived any preceding or succeeding breach of the same or any other provision of this Agreement.

14.4 **Complete Agreement.** This Agreement, together with the Confidentiality Agreement, constitutes the entire agreement between Executive and the Company with regard to this subject matter and is the complete, final, and exclusive embodiment of the Parties' agreement with regard to this subject matter. This Agreement is entered into without reliance on any promise or representation, written or oral, other than those expressly contained herein, and it supersedes any other such promises, warranties or representations. It is entered into without reliance on any promise or representation other than those expressly contained herein, and it cannot be modified or amended except in a writing signed by a duly authorized officer of the Company.

14.5 **Counterparts.** This Agreement may be executed in separate counterparts, any one of which need not contain signatures of more than one party, but all of which taken together will constitute one and the same Agreement.

14.6 **Headings.** The headings of the paragraphs hereof are inserted for convenience only and will not be deemed to constitute a part hereof nor to affect the meaning thereof.

14.7 **Successors and Assigns.** This Agreement is intended to bind and inure to the benefit of and be enforceable by Executive and the Company, and their respective successors, assigns, heirs, executors and administrators, except that Executive may not assign any of Executive's duties hereunder and Executive may not assign any of Executive's rights hereunder without the written consent of the Company, which will not be withheld unreasonably.

14.8 **Choice of Law.** All questions concerning the construction, validity and interpretation of this Agreement will be governed by the laws of the State of California.

[Remainder of this page intentionally left blank]

In Witness Whereof, the Parties have executed this Agreement on the day and year first written above.

KURA ONCOLOGY, INC.

By: /s/ Troy E. Wilson
Name: Troy E. Wilson
Title: Chief Executive Officer

EXECUTIVE

/s/ James Basta
James Basta

KURA ONCOLOGY, INC.

August 21, 2019

Mr. John Farnam

Re: Separation Agreement

Dear John:

This letter sets forth the terms of the separation agreement (the "**Agreement**") that Kura Oncology, Inc. (the "**Company**") is offering to you to aid in your employment transition.

1. Separation Date. You agree and acknowledge that your employment with the Company terminated on August 9, 2019 (the "**Separation Date**") and that, for purposes of clarity, as of the Separation Date, you no longer hold any employment or officer positions with the Company or any of its related affiliates, parents or subsidiaries, including, but not limited to, the Company's Chief Operating Officer. The Company will pay you all accrued salary, and any and all accrued and unused paid time off earned through the Separation Date, subject to required payroll deductions and withholdings. You are entitled to these payments even if you do not sign this Agreement.

2. Severance Payment. Although not otherwise obligated to do so, if: (a) you sign, date and return this Agreement to the Company on or within 21 calendar days from the date you receive it (but no earlier than the Separation Date), and allow it become effective in accordance with its terms, and (b) you comply with the terms of this Agreement and your other continuing obligations owed to the Company (including, but not limited to, your continuing obligations in your Confidentiality Agreement (as detailed in Section 8 below)), the Company will provide you with a severance payment in an amount equal to 15 months of your final monthly base salary (a total severance amount of $483,750) (the "**Severance Payment**"). The Severance Payment will be paid to you in a lump sum, subject to required payroll deductions and withholdings, no later than the 60th day following your Separation Date. If you fail to return this fully executed Agreement to the Company within the timeframe listed above, and/or you fail to allow the releases contained herein to become effective, you will forfeit your right to receive the Severance Payment.

3. Health Insurance/COBRA Continuation Coverage Payments. Your health insurance benefits will continue through August 31, 2019. If you timely elect continued coverage under COBRA, the Company will reimburse your COBRA premiums to continue your coverage (including coverage for your eligible dependents, if applicable) ("**COBRA Premiums**") through the period starting on the Separation Date and ending on the earliest to occur of: (i) 15 months following your Separation Date; (ii) the date you become eligible for group health insurance coverage through a new employer; or (iii) the date you cease to be eligible for COBRA continuation coverage for any reason (the "**COBRA Premium Period**"). In the event you become covered under another employer's group health plan or otherwise cease to be eligible for COBRA during the COBRA Premium Period, you must immediately notify the Company of such event. It shall be your obligation to complete the steps necessary to continue

this coverage under COBRA, to pay the required COBRA premiums, and to submit to the Company sufficient documentation of such payments within 60 days of making such payments to obtain reimbursement from the Company pursuant to this Section 3. Notwithstanding the foregoing, if the Company determines, in its sole discretion, that the Company cannot provide the COBRA Premiums without potentially incurring financial costs or penalties under applicable law (including, without limitation, Section 2716 of the Public Health Service Act), the Company shall in lieu thereof pay you a taxable cash amount, which payment shall be made regardless of whether you or your qualifying family members elect COBRA continuation coverage (the "**Health Care Benefit Payment**"). The Health Care Benefit Payment shall be paid in monthly installments during the COBRA Premium Period and shall be equal to the amount that the Company otherwise would have paid to you for COBRA insurance premiums (which amount shall be calculated based on the premium for the first month of coverage), and shall be paid until the expiration of the COBRA Premium Period, but determined without regard to whether or not you continue to be eligible for COBRA coverage. You will be provided with a separate notice describing your rights and obligations under COBRA laws, and any rights to convert to an individual policy, on or after the Separation Date.

4. **Acceleration of Equity Awards**. Vesting of your outstanding equity awards (the "**Equity Awards**") will cease on the Separation Date; *provided that*, effective as of the Effective Date (as defined in Section 13(d) below), vesting your Equity Awards shall be partially accelerated such that your Equity Awards shall be deemed vested through December 31, 2019. Your Equity Awards continue to be governed by the terms of the governing equity award agreement with the Company and the applicable equity plan.

5. **Outplacement Services**. The Company will provide you with six months of executive outplacement counseling and services to be provided by Lee Hecht Harrison, a professional outplacement service provider. The explanation of the outplacement services to be provided will be available to you through Lee Hecht Harrison. Payment of such outplacement services will be paid directly by the Company to Lee Hecht Harrison.

6. **No Other Compensation or Benefits.** You acknowledge that, except as expressly provided in this Agreement, you have not earned and will not receive from the Company any additional compensation (including base salary, bonus, bonus advances, incentive compensation, commissions, or equity), severance, or benefits prior to, on, or after the Separation Date.

7. **Return of Company Property**. You agree to immediately return to the Company all Company documents (and all copies thereof) and other Company property that you have in your possession or control, including but not limited to any materials of any kind that contain or embody any proprietary or confidential information of the Company or its affiliates (and all reproductions thereof in whole or in part). You further represent that you have made a diligent search to locate any such documents, property and information. In addition, if you have used any personally owned computer, server, e-mail system, mobile phone, or portable electronic device (*e.g.*, iPhone, iPad, Android) (collectively, "**Personal Systems**") to receive, store, prepare or transmit any Company or affiliate confidential or proprietary data, materials or information, then you must immediately provide the Company with a computer-useable copy of all such information and then permanently delete and expunge all such Company or affiliate confidential

or proprietary information from such Personal Systems without retaining any copy or reproduction in any form.

8. Confidentiality Agreement. You acknowledge and reaffirm your continuing obligations owed to the Company under your executed Proprietary Information and Invention Assignment Agreement attached hereto as Exhibit A (the "**Confidentiality Agreement"**), which include but are not limited to your continuing obligations not to use or disclose any confidential or proprietary information of the Company.

9. Confidentiality. The provisions of this Agreement will be held in strictest confidence by you and will not be publicized or disclosed in any manner whatsoever; provided, however, that: (a) you may disclose this Agreement in confidence to your immediate family; (b) you may disclose this Agreement in confidence to your attorneys, accountants, auditors, tax preparers, and financial advisors; and (c) you may disclose this Agreement insofar as such disclosure may be necessary to enforce its terms or as otherwise required by law. In particular, and without limitation, you agree not to disclose the existence or terms of this Agreement to any current or former Company employee, contractor or consultant.

10. No Disparagement. You agree not to disparage the Company and its affiliates, and the Company's and its affiliates' officers, directors, employees, stockholders, investors and agents, in any manner likely to be harmful to them or their business, business reputation or personal reputation. Nothing in this Section 10 or this Agreement will be interpreted or construed to prevent you from giving truthful testimony to any law enforcement officer, court, administrative proceeding or as part of an investigation by any Government Agency (as defined in Section 13(c) below). In addition, nothing in this Section 10 or this Agreement is intended to prohibit or restrain you in any manner from making disclosures that are protected under federal law or regulation or under other applicable law or regulation.

11. No Admissions. The promises and payments in consideration of this Agreement shall not be construed to be an admission of any liability or obligation by either party to the other party, and neither party makes any such admission.

12. Cooperation. You agree to cooperate fully with the Company and its affiliates in connection with its actual or contemplated defense, prosecution, or investigation of any claims or demands by or against third parties, or other matters arising from events, acts, or failures to act that occurred during the period of your employment by the Company. Such cooperation includes, without limitation, making yourself available to the Company and its affiliates upon reasonable notice, without subpoena, to provide complete, truthful and accurate information in witness interviews, depositions, and trial testimony. The Company will reimburse you for reasonable out-of-pocket expenses you incur in connection with any such cooperation (excluding forgone wages, salary, or other compensation) and will make reasonable efforts to accommodate your scheduling needs.

13. Release of Claims.

(a) General Release. In exchange for the consideration provided to you under this Agreement to which you would not otherwise be entitled, including but not limited to

the Severance Payment, you hereby generally and completely release the Company and its current and former directors, officers, employees, stockholders, partners, agents, attorneys, predecessors, successors, parents, direct and indirect subsidiaries, insurers, affiliates, investors and assigns (collectively, the "**Released Parties**") of and from any and all claims, liabilities and obligations, 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 you sign this Agreement (collectively, the "**Released Claims**").

(b) Scope of Release. The Released Claims include, but are not limited to: (i) all claims arising out of or in any way related to your employment with or services for the Company or its affiliates, or the termination of that employment or those services; (ii) all claims related to your compensation or benefits from the Company or its affiliates, including salary, bonuses, incentive compensation, commissions, paid time off, expense reimbursements, severance benefits, notice rights, fringe benefits, stock, restricted stock, stock options, or any other ownership interests in the Company or its affiliates; (iii) all claims for breach of contract (oral or written), wrongful termination, and breach of the implied covenant of good faith and fair dealing; (iv) all tort claims, including claims for fraud, misrepresentation, defamation, emotional distress, and discharge in violation of public policy; and (v) all constitutional, federal, state, and local statutory and common law claims, including claims for discrimination, harassment, retaliation, attorneys' fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990 (as amended), the federal Age Discrimination in Employment Act of 1967 (as amended) (the "**ADEA**"), the California Labor Code (as amended), and the California Fair Employment and Housing Act (as amended).

(c) Excluded Claims. Notwithstanding the foregoing, the following are not included in the Released Claims (the "**Excluded Claims**"): (i) any rights or claims for indemnification you may have pursuant to any written indemnification agreement with the Company or its affiliates to which you are a party, the charter, bylaws, or operating agreements of the Company or its affiliates, or under applicable law; (ii) any rights or claims which are not waivable as a matter of law; and (iii) any claims for breach of this Agreement. In addition, nothing in this Agreement prevents you from filing a charge or complaint with the Equal Employment Opportunity Commission, the California Department of Fair Employment and Housing, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission (collectively, the "**Government Agencies**"). This Agreement does not limit your ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agencies. While this Agreement does not limit your right to receive an award for information provided to the Securities and Exchange Commission, you understand and agree that, to maximum extent permitted by law, you are otherwise waiving any and all rights you may have to individual relief based on any claims that you have released and any rights you have waived by signing this Agreement. You represent and warrant that, other than the Excluded Claims, you are not aware of any claims you have or might have against any of the Released Parties that are not included in the Released Claims.

(d) ADEA Waiver. You acknowledge that you are knowingly and voluntarily waiving and releasing any rights you may have under the ADEA (the "**ADEA**

Waiver"), and that the consideration given for this ADEA Waiver is in addition to anything of value to which you are already entitled. You further acknowledge that you have been advised, as required by the ADEA, that: (i) your ADEA Waiver does not apply to any rights or claims that may arise after the date that you sign this Agreement; (ii) you should consult with an attorney prior to signing this Agreement; (iii) you have 21 calendar days to consider this Agreement (although you may choose voluntarily to sign it earlier, but no earlier than the Separation Date); (iv) you have seven calendar days following the date you sign this Agreement to revoke your acceptance (by providing written notice of your revocation to Troy E. Wilson, Ph.D., J.D., the Company's President and Chief Executive Officer); and (v) this Agreement will not be effective until the date upon which the revocation period has expired unexercised, which will be the eighth calendar day after the date that this Agreement is signed by you provided that you do not revoke your acceptance (the "**Effective Date**").

14. Waiver of Unknown Claims. YOU UNDERSTAND THAT THIS AGREEMENT INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS. In giving the releases set forth in this Agreement, which include claims which may be unknown to you at present, you acknowledge that you have read and understand Section 1542 of the California Civil Code which reads as follows: **"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party."** You hereby expressly waive and relinquish all rights and benefits under that section and any law or legal principle of similar effect in any jurisdiction with respect to your release of claims herein, including but not limited to the release of unknown and unsuspected claims.

15. Representations. You hereby represent that: you have been paid all compensation owed and for all time worked; you have received all the leave and leave benefits and protections for which you are eligible pursuant to applicable law or Company policy; and you have not suffered any on-the-job injury or illness for which you have not already filed a workers' compensation claim.

16. General. This Agreement, together with the Confidentiality Agreement, constitutes the complete, final and exclusive embodiment of the entire agreement between you and the Company with regard to the subject matter hereof and, for clarity, supersedes that certain Executive Employment Agreement, effective as of July 1, 2018, by and between you and the Company with regard to the subject matter hereof. It is entered into without reliance on any promise or representation, written or oral, other than those expressly contained herein, and it supersedes any other agreements, promises, warranties or representations concerning its subject matter. This Agreement may not be modified or amended except in a writing signed by both you and a duly authorized officer of the Company. This Agreement will bind the heirs, personal representatives, successors and assigns of both you and the Company, and inure to the benefit of both you and the Company, their heirs, successors and assigns. If any provision of this Agreement is determined to be invalid or unenforceable, in whole or in part, this determination shall not affect 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. This Agreement shall be construed and enforced in accordance with the laws of the State of California without regard to conflicts of law principles.

Any ambiguity in this Agreement shall not be construed against either party as the drafter. Any waiver of a breach of this Agreement, or rights hereunder, shall be in writing and shall not be deemed to be a waiver of any successive breach or rights hereunder. This Agreement may be executed in counterparts which shall be deemed to be part of one original, and facsimile signatures and signatures transmitted by PDF shall be equivalent to original signatures.

If this Agreement is acceptable to you, please sign below on or within 21 calendar days from the date you receive it from the Company (but no earlier than the Separation Date), and then promptly return the fully signed original to me. The Company's offer contained herein will automatically expire if we do not receive the fully signed Agreement from you within this timeframe.

[Signature Page to Follow]

We wish you the best in your future endeavors.

Sincerely,

KURA ONCOLOGY, INC.

By:	/s/ Troy E. Wilson
Name:	Troy E. Wilson
Title:	President and CEO
Date:	August 21, 2019

Exhibit A – Confidential Agreement

UNDERSTOOD AND AGREED:

/s/ John Farnam
John Farnam

8/21/2019
Date

Exhibit A

CONFIDENTIALITY AGREEMENT

Exhibit 10.5

SEAPORT EAST

BOSTON, MASSACHUSETTS

L E A S E

by and between

EAST OFFICE OPERATING LIMITED PARTNERSHIP,

as Landlord

and

KURA ONCOLOGY, INC.

as Tenant

dated as of March 24, 2020

SEAPORT EAST

LEASE

Table of Contents

ARTICLE 1
Reference Data

1.1 Subject Referred To.

Each reference in this Lease to any of the following subjects shall be construed to incorporate the data stated for that subject in this Section 1.1.

Date of this Lease:	March 24, 2020
Building:	The building commonly known as Seaport East, Two Seaport Lane, Boston, Massachusetts being located on the parcel of land described in Exhibit A attached hereto.
Property:	Collectively, the Building and the land on which the Building is located.
Landlord:	East Office Operating Limited Partnership, a Massachusetts limited partnership
Original Notice Address of Landlord:	c/o Pembroke Real Estate LLC 255 State Street Boston, Massachusetts 02109 Attn: Asset Management With copies to: c/o Pembroke Real Estate LLC 255 State Street Boston, Massachusetts 02109 Attn: General Counsel and Goulston & Storrs PC 400 Atlantic Avenue Boston, Massachusetts 02110 Attn: Frank E. Litwin, Esq.
Tenant:	Kura Oncology, Inc., a Delaware corporation

Original Notice Address of Tenant:	Kura Oncology, Inc. 3033 Science Park Road, Suite 220 San Diego, CA 92121 Attn: Chief Financial Officer
Premises:	A portion of the eighth (8th) floor of the Building, substantially as shown on the floor plan attached hereto as Exhibit B.
Rentable Area of the Premises:	16,541 square feet of Rentable Area.
Rentable Area of the Building:	502,554 square feet of Rentable Area.
Rentable Area of the Office Area:	490,283 square feet of Rentable Area.
Original Term:	The period of time beginning on the Commencement Date and ending on the Expiration Date, both dates inclusive.
Extension Option:	Tenant has the right to extend the Original Term for one (1) additional period of five (5) years, in accordance with and subject to Section 2.3.
Delivery Date:	The date on which Landlord delivers the Premises to Tenant in the Delivery Condition.
Commencement Date:	April 1, 2020.
Expiration Date:	July 31, 2024; or, if the Original Term shall have been extended for one (1) period of five (5) years in accordance with Section 2.3, July 31, 2029.
Base Operating Costs:	An amount equal to the Operating Costs payable for calendar year 2021.
Base Taxes:	An amount equal to the Taxes payable for tax fiscal year 2021, commencing on July 1, 2020 and expiring on June 30, 2021.
Tenant’s Tax Percentage:	The ratio of the Rentable Area of the Premises to the total Rentable Area of the Building, which shall initially be deemed to be 3.29%.
Tenant’s Office Percentage:	The ratio of the Rentable Area of the Premises to the total Rentable Area of the Office Area, which shall initially be deemed to be 3.37%.

Annual Fixed Rent Rate and Monthly Fixed Rent:	Lease Year:	Annual Fixed Rent:	Monthly Fixed Rent:
	1	$1,265,386.50	$105,448.88
	2	$1,290,694.23	$107,557.85
	3	$1,316,508.11	$109,709.01
	4	$1,342,838.28	$111,903.19
	5	$1,369,695.04	$114,141.25
Permitted Uses:	First-class general business offices and no other purpose or purposes		
Commercial General Liability Insurance Limits:	$3,000,000.00 per occurrence $5,000,000.00 general aggregate		
Brokers:	Newmark Real Estate of Massachusetts, LLC d/b/a Newmark Knight Frank and CBRE, Inc.		
Letter of Credit Amount:	$210,000.00.		

1.2 Exhibits. The Exhibits listed in the Table of Contents and attached hereto are incorporated into this Lease by this reference and are to be construed as a part of this Lease.

1.3 Definitions. For the purposes of this Lease, the following terms shall be as defined below or as defined in the Section of this Lease referenced below:

"Abatement Notice" shall be as defined in Section 5.2.

"Abatement Period" shall be as defined in Section 5.2.

"Acceptance Notice" shall be as defined in Section 2.4(a).

"ADA" shall mean, collectively, the Americans with Disabilities Act (42 U.S.C. § 12101 et seq.) and the regulations and guidelines promulgated thereunder, as the same may be amended, modified, and supplemented from time-to-time; the rules and regulations of the Massachusetts Architectural Access Board (M.G.L. c. 22, § 13A, et seq.; 521 C.M.R. 1.00 et seq.), as the same may be amended, modified, and supplemented from time-to-time; and, any law, code or regulation promulgated by a governmental authority of similar import.

"Additional Rent" shall mean all sums other than Fixed Rent payable by Tenant to Landlord under this Lease, including Tenant's Tax Excess, Tenant's Operating Costs Excess, the Electricity Charge, late charges, overtime or excess service charges, and interest and other costs related to Tenant's failure to perform any of its obligations under this Lease.

"Air Conditioning Design Conditions" shall be as defined in Section 5.1.1(a).

"Affiliate" shall mean, with respect to any person or entity, any other person or entity that, directly or indirectly (through one of more intermediaries), Controls, is Controlled by, or is under common Control with, such first person or entity.

"Alterations" shall be as defined in Section 6.2.5.

"Arbitration Notice" shall be as defined in Section 2.3(d).

"Annual Fixed Rent" shall be as defined in Section 1.1.

"Bank" shall be as defined in Section 11.2.

"Bankruptcy Code" shall be as defined in Section 8.1.

"Base Operating Costs" shall be as defined in Section 1.1.

"Base Taxes" shall be as defined in Section 1.1.

"Brokers" shall be the brokers listed in Section 1.1.

"Building" shall be as defined in Section 1.1.

"Building Holidays" shall mean New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day and such other days which are observed from time-to-time by the Commonwealth of Massachusetts, the City of Boston, the labor unions servicing the Building, and Landlord with respect to the Building.

"Business Days" shall mean all days except for Saturdays, Sundays, building holidays.

"Capital Improvements" shall be as defined in Section 4.2.3(d).

"Claims" shall be as defined in Section 6.1.5.

"Commencement Date" shall be as defined in Section 1.1.

"Condenser Water Charge" shall be as defined in Section 5.1.1.

"Control" shall mean (i)(a) the ownership, directly or indirectly, of more than 50% of the voting stock of a corporation, or (b) in the case of any person or entity which is not a corporation, the ownership, directly or indirectly, of more than 50% of the beneficial ownership interest in such person or entity; or (ii) in the case of any such person or entity, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person or entity.

"Default Rate" shall mean a fluctuating interest rate per annum equal to the lesser of (a) 4% above the Prime Rate, or (b) the maximum legally permitted rate.

"Delivery Condition" shall mean that the Premises is free and clear of all tenants and occupants, with the furniture, fixtures, equipment, and other personal property located therein as of the Commencement Date, and in all other respects is in "as is", "where is" condition as of the Commencement Date.

"Delivery Date" shall be as defined in Section 1.1.

"Environmental Laws" shall mean any and all applicable federal, state or local laws, statutes, ordinances, rules, regulations, orders, principles of common law, judgments, permits, licenses or determinations of any judicial or regulatory authority, now or hereafter in effect, imposing liability, establishing standards of conduct or otherwise relating to protection of the environment (including natural resources, surface water, groundwater, soils, and indoor and ambient air), health and safety, land use matters or the presence, generation, treatment, storage, disposal, release or threatened release, transport or handling of any Hazardous Material, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. §9601, et seq.; the Hazardous Materials Transportation Act, as amended, 49 U.S.C. §1801, et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. §1251, et seq.; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. §6901, et seq.; the Safe Drinking Water Act, as amended, 42 U.S.C. §300, et seq.; the Toxic Substances Control Act, as amended, 15 U.S.C. §2601, et seq.; the Federal Hazardous Substances Control Act, as amended, 15 U.S.C. §1261, et seq.; the Occupational Safety and Health Act, as amended, 29 U.S.C. §651, et seq.; and Massachusetts General Laws, Chapters 21C and 21E.

"Essential Service" shall be as defined in Section 5.2.

"Event of Default" shall be as defined in Section 8.1.

"Extension Notice" shall be as defined in Section 2.3.

"Extension Term" shall be as defined in Section 2.3(a).

"Fair Rental Value" shall be as defined in Section 2.3(c).

"Fair Rental Value Notice" shall be as defined in Section 2.3(d).

"Fixed Rent" shall mean the Annual Fixed Rent and the Monthly Fixed Rent, respectively.

"Force Majeure Event" shall be as defined in Section 11.5.

"Garage" shall mean the underground parking garage serving the Building and the complex of buildings of which the Building is a part.

"Hazardous Materials" shall be as defined in Section 6.2.3.

"Hazardous Materials Activities" shall be as defined in Section 6.2.3.

"Initial Installations" shall mean the Alterations and improvements to be performed by Tenant in and to the Premises in connection with the initial occupancy thereof.

"Landlord" shall be as defined in Section 1.1.

"Landlord Affiliate" shall mean any entity Controlled by, Controlling or under common Control with Landlord.

"Lease" shall mean this Lease, as the same may be amended or modified from time-to-time by written agreements and instruments executed by both Landlord and Tenant.

"Lease Year" shall mean each successive twelve (12) month period during the Term, with the first such Lease Year commencing on the Commencement Date and each successive Lease Year commencing on the next succeeding anniversary of the Commencement Date; provided, however, (i) if the Commencement Date occurs on a day which is not the first day of a calendar month, then the first Lease Year shall expire on the last day of the month in which the first anniversary of the Commencement Date occurs, and each succeeding Lease Year shall commence on the day following the expiration of the immediately preceding Lease Year, and (ii) the final Lease Year shall expire on the Expiration Date.

"Letter of Credit" shall be as defined in Section 11.1.

"Letter of Credit Amount" shall be as defined in Section 1.1.

"Massport" shall be as defined in Section 9.1(a).

"Massport Lease" shall be as defined in Section 9.1(a).

"Maximum Parking Pass Allotment" shall be as defined in Section 2.1(c).

"Monthly Fixed Rent Rate" shall be as defined in Section 1.1.

"Mortgage" shall be as defined in Section 9.1.

"Normal Business Hours" shall mean from 8:00 a.m. to 6:00 p.m. Monday through Friday and from 9:00 a.m. to 1:00 p.m. on Saturdays, except on Building Holidays.

"Office Area" shall mean all areas of the Building designated by Landlord from time-to-time for leasing to office tenants.

"Operating Costs" shall be as defined in Section 4.2.3(b).

"Operating Costs Excess" shall be as defined in Section 4.2.3(a).

"Original Letter of Credit" shall be as defined in Section 11.1.

"Original Notice Address of Landlord" shall be as defined in Section 1.1.

"Original Notice Address of Tenant" shall be as defined in Section 1.1.

"Original Term" shall be as defined in Section 1.1.

"Permitted Uses" shall be as defined in Section 1.1.

"Premises" shall be as defined in Section 1.1.

"Prime Rate" shall mean the prime rate published (or the highest published prime rate if more than one is published) by the Wall Street Journal (or if such publication ceases, a comparable substitute reasonably designated by Landlord).

"Prohibited Person" shall be as defined in Section 13.1.

"Property" shall be as defined in Section 1.1.

"Proposed Tenant Improvement Plans" shall be as defined in Section 3.3.

"Recapture Notice" shall be as defined in Section 6.2.1(a).

"Rejected ROFO Space" shall be as defined in Section 2.4(b).

"Relocation Notice" shall be as defined in Section 2.1(e).

"Rent" shall be as defined in Section 4.1(a).

"Rentable Area" shall mean with regard to any area, the rentable area thereof as determined by Landlord from time-to-time.

"Rentable Area of the Premises" shall be as defined in Section 1.1.

"Retail Area" shall mean all areas of the Building designated by Landlord from time-to-time for leasing for retail use.

"Requirements" shall mean all present and future laws, rules, orders, ordinances, regulations, statutes, requirements, codes and executive orders, extraordinary and ordinary of (i) all governmental authorities, including the ADA and any law of like import, and all rules, regulations and government orders with respect thereto, and any of the foregoing relating to Hazardous Materials, environmental matters, public health and safety matters, and landmarks protection, (ii) any applicable fire rating bureau or other body exercising similar functions, affecting the Real Property or the maintenance, use or occupation thereof, or any street, avenue or sidewalk comprising a part of or in front thereof or any vault in or under the same, (iii) all requirements of all insurance bodies affecting the Premises, and (iv) utility service providers.

"ROFO Notice" shall be as defined in Section 2.4(a).

"ROFO Option" shall be as defined in Section 2.4(a).

"ROFO Space" shall be as defined in Section 2.4(a).

"ROFO Space Commencement Date" shall be as defined in Section 2.4(e).

"Rules and Regulations" shall be as defined in Section 6.1.10.

"Security Proceeds" shall be as defined in Section 12.5.

"Specialty Alterations" shall mean Alterations which are not standard office installations such as kitchens, executive restrooms, raised computer floors, computer room installations, supplemental HVAC equipment, safe deposit boxes, vaults, libraries or file rooms requiring reinforcement of floors, internal staircases, slab penetrations, conveyors, dumbwaiters, print rooms and model shops, and other Alterations of a similar character.

"Substitute Premises" shall be as defined in Section 2.1(e).

"Successor Landlord" shall be as defined in Section 9.1(b)

"Superior Right" shall be as defined in Section 2.4(c).

"Tax Excess" shall be as defined in Section 4.2.1(a).

"Taxes" shall be as defined in Section 4.2.1(d).

"Tax Year" shall mean any tax fiscal year all or part of which occurs during the Term.

"Tenant" shall be as defined in Section 1.1.

"Tenant's Architect" shall mean an architectural firm selected by Tenant and approved by Landlord, which approval will not be unreasonably withheld or delayed.

"Tenant's Office Percentage" shall be as defined in Section 1.1.

"Tenant's Tax Percentage" shall be as defined in Section 1.1.

"Tenant's Property" shall mean Tenant's movable fixtures, telephone and other equipment, computer systems, trade fixtures, furniture, furnishings, and other items of personal property which are removable without material damage to the Property.

"Tenant's Tax Percentage" shall be as defined in Section 1.1.

"Term" shall mean the Original Term; and, if Tenant validly exercises the option to extend the Term in accordance with the provisions of Section 2.3, "Term" shall mean the Original Term and the Extension Term, collectively.

ARTICLE 2
Premises and Term

2.1 Premises.

(a) Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, the Premises, for the Term, subject to and with the benefit of the terms, covenants, conditions and provisions of this Lease. Not included in the Premises are the roof, exterior walls, the common stairways, stairwells, elevators and elevator shafts, and pipes, ducts, conduits, wires, and appurtenant fixtures serving exclusively or in common with other parts of the Building, and if the Premises consist of less than the entire rentable area of any floor, the central core area of such floor, if any.

(b) Tenant shall have, as an appurtenance to the Premises, rights to use in common with others, subject to reasonable rules and regulations established from time-to-time by Landlord: (1) the common areas of the Property, including the common lobbies, hallways, bathrooms, stairways, loading docks and bays, and elevators of the Building and the Garage; (2) common walkways necessary for access to the Building; and (3) if the Premises consist of less than the entire rentable area of any floor, the common bathrooms and other common facilities in the central core area of such floor.

(c) Landlord shall make available to the Tenant during the Term of this Lease passes for parking spaces in the Garage at the rate of one (1) parking pass for each 2000 square feet of Rentable Area in the Premises (the "**Maximum Parking Pass Allotment**"), on an unassigned basis and subject to the reasonable rules and regulations from time to time in force. Tenant shall pay, as Additional Rent, a monthly parking charge for such passes, which charge shall be at the prevailing rate in effect from time to time. Tenant shall notify Landlord on or before the Commencement Date as to how many of such parking passes Tenant desires to use. From time–to-time during the Term Tenant may elect to reduce or increase the number of parking passes (provided, however, that Tenant may not increase the number of parking passes to an amount that is more than the Maximum Parking Pass Allotment) used by it by providing not less than thirty (30) days prior notice thereof to Landlord. After any such reduction, Tenant may from time-to-time request additional parking passes; provided, however (i) at no time shall Tenant be entitled to more parking passes than the Maximum Parking Pass Allotment, and (ii) Landlord shall have no obligation to provide such additional parking passes unless Landlord determines in its sole discretion that a sufficient number of parking spaces are then available in the Garage.

(d) Landlord reserves the right to exercise, from time-to-time the following rights: (1) to install, use, maintain, repair, replace and relocate for service to the Premises and/or other parts of the Building the areas within the Premises above the dropped ceilings (or if there is no dropped ceiling, within three (3) feet of the roof deck) and below the floor for pipes, ducts, conduits, wires and appurtenant fixtures, (2) to alter or relocate any other common facility, (3) to make any repairs and replacements to the Premises which Landlord is obligated to perform, and (4) in connection with any excavation made upon adjacent land of Landlord or others, to enter and to permit others to enter, upon the Premises to do such work as the person causing such excavation deems necessary to preserve the walls of the Building from injury or damage and to support the same. In connection with the exercise of the foregoing rights Landlord shall exercise reasonable efforts to minimize interference with the usual and customary operations of Tenant in the Premises in accordance with the provisions of this Lease.

(e) Landlord shall have the right, at any time and from time-to-time during the Extension Term, upon not less than sixty (60) days prior notice to Tenant (a "**Relocation Notice**"), to provide and furnish Tenant with premises elsewhere in the Building of approximately the same size as the Premises as determined by Landlord in its reasonable discretion (the "**Substitute Premises**") and to relocate Tenant from the Premises to the Substitute Premises. If Landlord relocates Tenant to the Substitute Premises, then on the date specified on the Relocation Notice Tenant shall move its improvements, equipment, and personal property to the Substitute Premises and shall reinstall and reconstruct such improvements, equipment and personal property in the Substitute Premises in a manner and fashion reasonably comparable to the Premises. Upon receipt of invoices and evidence of payment thereof by Tenant, Landlord shall reimburse Tenant for the

reasonable costs and expenses incurred by Tenant in connection with the relocation of said equipment and personal property and the reinstallation thereof in the Substitute Premises. In connection with any such relocation, Landlord shall exercise reasonable efforts to minimize the disruption of Tenant's operations in the Premises. Upon the exercise by Landlord of the foregoing relocation right, this Lease and each of the terms, covenants and conditions hereof shall remain in full force and effect and be applicable to the Substitute Premises. In such event, the Substitute Premises shall thereafter be deemed to be substituted for the original Premises and Tenant shall have no further rights or interests in or to the original Premises. The provisions of this Section 2.1(e) shall be self-operative; however, at either party's request, Landlord and Tenant shall enter into an amendment of this Lease confirming the relocation of the Premises to the Substitute Premises.

2.2 Term. The Original Term shall begin on the Commencement Date and shall continue to the Expiration Date, unless sooner terminated as hereinafter provided. When the Commencement Date and the Expiration Date have been determined, Landlord and Tenant shall execute and deliver a commencement date agreement, in the form attached hereto as Exhibit C, confirming the Commencement Date and the Expiration Date; provided, however, the failure to execute and deliver said agreement shall not limit or detract from the determination of such dates.

2.3 Extension Option.

(a) Provided that as of the date of the Extension Notice and as of the commencement of the Extension Term (i) this Lease is in full force and effect, (ii) the original Tenant named herein, or an assignee or subtenant of the original Tenant named herein for which Landlord's consent is not required pursuant to Section 6.2.1(f) or Section 6.2.1(g) of this Lease, is in occupancy of the entire Premises, (iii) Tenant is not in default of its obligations under this Lease beyond any applicable grace period, and (iv) Tenant has not assigned this Lease or sublet all or any part of the Premises excepting only an assignment or sublease described in clause (ii), above, Tenant shall have the right to extend the Term of this Lease for one (1) additional period of five (5) years (the "**Extension Term**"), such Extension Term to begin immediately upon the expiration of the Original Term of this Lease. All of the terms, covenants and provisions of this Lease shall apply to such Extension Term, except that (x) the Annual Fixed Rent Rate for the Extension Term shall be the Fair Rental Value of the Premises at the commencement of such Extension Term, as determined pursuant to this Section 2.3 and (y) Landlord shall have no obligation to make any alterations or improvements to the Premises, or to provide any allowances, inducements or other payments of any kind to Tenant in connection therewith. If Tenant shall elect to exercise the aforesaid option, it shall do so by giving Landlord notice (an "**Extension Notice**") in writing of its intention to do so not earlier than eighteen (18) months and not later than twelve (12) months prior to the expiration of the Original Term. Accordingly, if Tenant fails timely to exercise its option for the Extension Term and to deliver the Extension Notice on or before the exercise date specified above, then Tenant shall have no further right or option to extend the Term of this Lease hereunder or otherwise.

(b) If Tenant timely and properly gives such Extension Notice and the foregoing conditions precedent are fully and completely satisfied, the Term of this Lease shall be automatically extended for the Extension Term without the requirement for any additional documents; provided, however, upon the request of either Landlord or Tenant, Landlord and Tenant

shall enter into an amendment to this Lease to confirm such exercise and to document all modifications to this Lease resulting from the extension for the Extension Term; provided, further, the failure to exercise and deliver said agreement shall not limit or detract from the valid extension of the Term for the Extension Term.

(c) For the purposes hereof, the "**Fair Rental Value**" of the Premises shall mean the fair rental value of the Premises that would be agreed upon between a landlord and a tenant executing a lease of comparable office space in a comparable building located in Boston, Massachusetts for a comparable term, upon all of the terms and conditions of this Lease, taking into account all relevant factors.

(d) If Tenant timely delivers an Extension Notice, then promptly after delivery of the Extension Notice Landlord will deliver a notice (the "**Fair Rental Value Notice**") to Tenant setting forth the Landlord's determination of the Fair Rental Value for the Extension Term. If Tenant disagrees with Landlord's determination of the Fair Rental Value for the Extension Term, then within thirty (30) days after receipt of the Fair Rental Value Notice, Tenant shall deliver a notice (an "**Arbitration Notice**") to Landlord, in which event the Fair Rental Value shall be determined by the appraisal process set forth in Section 2.3(f). If Tenant does not timely deliver an Arbitration Notice to Landlord, then Tenant shall be considered to have accepted the determination of Fair Rental Value set forth in the Fair Rental Value Notice delivered by Landlord and shall have no further right to object thereto.

(e) If Tenant timely exercises its right to have the Fair Rental Value determined by said appraisal process pursuant to Section 2.3(f) and the appraisal process has not been concluded as of the commencement of the Extension Term, then pending such conclusion Tenant shall pay Annual Fixed Rent and Additional Rent at the Fair Rental Value as initially designated by Landlord. If the Fair Rental Value as determined by said appraisal process is greater than or less than the Fair Rental Value as determined by Landlord, then any adjustment required to correct the amount previously paid shall be made by payment by the respective party thirty (30) days after such determination of Fair Rental Value.

(f) If Tenant timely delivers an Arbitration Notice to Landlord within said thirty (30) day period, then the Fair Rental Value shall be determined by arbitration in accordance with the then prevailing expedited procedures of the American Arbitration Association or its successor for arbitration of commercial disputes, except that the expedited procedures shall be modified as follows:

(1) In its Arbitration Notice, Tenant shall specify the name and address of the person to act as the arbitrator on Tenant's behalf. The arbitrator shall be a commercial real estate appraiser with the M.A.I. designation from the American Institute of Real Estate Advisors, with at least ten (10) years full-time commercial real estate appraisal experience who is familiar with the Fair Rental Value of first-class office space in the Downtown Financial District and/or Seaport District in Boston, Massachusetts. Within ten (10) Business Days after receipt of the Arbitration Notice, Landlord shall give notice to Tenant specifying the name and address of the person designated by Landlord to act as arbitrator on its behalf, which arbitrator shall be similarly qualified.

(2) After the two arbitrators are chosen pursuant to the foregoing provisions, the arbitrators so chosen shall meet within ten (10) Business Days after the second arbitrator is appointed and shall seek to reach agreement on Fair Rental Value for the Extension Term. If within twenty (20) Business Days after the second arbitrator is appointed the two arbitrators are unable to reach agreement on Fair Rental Value, then the two arbitrators shall appoint a third independent arbitrator, who shall be a competent and impartial appraiser with qualifications of the first two arbitrators pursuant to the foregoing provisions. If they are unable to agree upon such appointment within five (5) Business Days after expiration of such twenty (20) Business Day period, then the third arbitrator shall be selected by the parties themselves. If the parties do not agree on the third arbitrator within five (5) Business Days after expiration of the foregoing five (5) Business Day period, then either party, on behalf of both, may request appointment of such a qualified person by the Boston Office of the American Arbitration Association. The third arbitrator shall decide the dispute, if it has not been previously resolved, by following the procedures set forth below. Each party shall pay the fees and expenses of its respective arbitrator and both shall equally share the fees and expenses of the third arbitrator.

(3) If a third arbitrator is chosen pursuant to the foregoing provisions, then the Fair Rental Value for the Extension Term shall be determined by the third arbitrator in accordance with the following procedures: Concurrent with the appointment of the third arbitrator, each of the arbitrators selected by the parties shall state, in writing, his or her determination of the Fair Rental Value. The third arbitrator shall have the right to consult experts and competent authorities for factual information or evidence pertaining to a determination of the Fair Rental Value, but any such determination shall be made in the presence of both parties with full right on their part to cross-examine. The third arbitrator shall conduct such hearings and investigations as he or she deem appropriate and shall, within thirty (30) days after being appointed, select which of the two proposed determinations most closely approximates his or her determination of the Fair Rental Value. The third arbitrator shall have no right to propose a middle ground or any modification of either of the two proposed determinations. The determination he or she chooses as that most closely approximating his or her determination of the Fair Rental Value shall constitute the decision of the third arbitrator and shall be final and binding upon the parties. The third arbitrator shall render the decision in writing with counterpart copies to each party. The third arbitrator shall have no power to add to or modify the provisions of this Lease. Promptly following receipt of the third arbitrator’s decision, the parties shall enter into an amendment to this Lease evidencing the extension of the Term for the Extension Term and confirming the Rent for the Extension Term, but the failure of the parties to do so shall not affect the effectiveness of the third arbitrator’s determination. In the event of a failure, refusal or inability of any arbitrator to act, his or her successor shall be appointed by him or her, but in the case of the third arbitrator, his or her successor shall be appointed in the same manner as that set forth herein with respect to the appointment of the original third arbitrator.

(4) All such determinations of Fair Rental Value shall be final and binding upon the parties. The provision for determination by appraisal shall be specifically enforceable to the extent such remedies are available under the applicable law, and any determination hereunder shall be final and binding upon the parties hereto, and either party shall have the right to enter judgment thereon, unless otherwise provided by applicable law.

(g) Time is of the essence of this Section 2.3.

2.4 ROFO Right.

(a) ROFO Space. If (i) at any time between the Commencement Date and the date which is twelve (12) months prior to the Expiration Date, Landlord determines that any separately demised rentable area contiguous to the Premises on the eighth (8th) floor of the Building (each a "**ROFO Space**") has become "available for leasing", provided that the conditions precedent set forth in Section 2.4(d) below are then satisfied, then prior to offering to lease such ROFO Space to any 3rd parties, Landlord shall deliver notice thereof to Tenant (the "**ROFO Notice**") setting forth a description of the ROFO Space in question (including the rentable area thereof), the Landlord's determination of Annual Fixed Rent Rate and Additional Rent for such ROFO Space, the other material business terms upon which Landlord is willing to lease the ROFO Space, the term for the ROFO Space, and the date Landlord anticipates that the ROFO Space will become available for leasing. Provided that all of the conditions precedent set forth in this Section 2.4 are fully satisfied by Tenant, Tenant shall have the one-time option (the "**ROFO Option**"), exercisable by Tenant delivering written notice (the "**Acceptance Notice**") to Landlord within ten (10) Business Days after delivery by Landlord of the ROFO Notice, to lease all of the subject ROFO Space upon all of the terms and conditions set forth in the ROFO Notice, including the Annual Fixed Rental Rate and Additional Rent for the ROFO Space designated by Landlord as set forth therein.

(b) Rejected ROFO Space. If Tenant fails to deliver an Acceptance Notice within such ten (10) Business Day period, then Tenant shall be deemed to have rejected the option to lease the applicable ROFO Space (the "**Rejected ROFO Space**"). In such event, Tenant shall have no further rights or claims with respect to the Rejected ROFO Space, Landlord shall have no further liabilities or obligations to Tenant with respect to the Rejected ROFO Space, and Landlord may elect to lease the Rejected ROFO Space to 3rd parties upon such terms and conditions as Landlord may determine in its discretion (subject to the provisions of Section 2.4(h) below).

(c) Available for Leasing, etc. For purposes of this Section 2.4, space shall be deemed "available for leasing" when Landlord has determined in its discretion that (i) the space is vacant, or (ii) the respective tenant or occupant which leases the subject ROFO space will not extend or renew the terms of its lease or other occupancy agreement for the ROFO Space and that said tenant or occupant is not interested either in extending or renewing its lease or other occupancy agreement for the ROFO Space or in entering into a new lease for such ROFO Space. For purposes of this Section 2.4, space shall not be deemed "available for leasing" if, at the time in question (x) any person or entity leases or occupies the ROFO Space (unless such person or entity confirms to the satisfaction of Landlord that it does not intend to extend or renew the term of the lease or other occupancy agreement for the ROFO space or enter into a new lease for such ROFO Space); (y) any person or entity holds any Superior Right, which Superior Right has not been waived or

extinguished; or (z) Landlord intends to occupy the ROFO Space, or to lease or otherwise permit the occupancy of the ROFO Space by an affiliate or subsidiary of Landlord. Without limitation, so long as a tenant or other occupant leases or occupies all or a portion of the ROFO Space, Landlord shall be free to extend or renew any such tenancy or occupancy, whether or not pursuant to a lease or other agreement, and such space shall not be deemed to be "available for leasing." In no event shall Landlord be liable to Tenant for any failure by any then existing tenant or occupant to vacate any ROFO Space by any particular date. Nothing set forth in this Section 2.4 shall be construed to limit Landlord's right to lease space in the Building to affiliates of Landlord, or to keep space in the Building vacant if Landlord elects, in its sole discretion, to do so, and such space leased to affiliates, subsidiaries or related entities, or vacant space, shall in no event be deemed to be "available for leasing" hereunder. Notwithstanding anything herein to the contrary, all rights of first offer granted to Tenant pursuant to this Section 2.4 are subject and subordinate in all respects to the rights (whether such rights are designated as a right of first offer, right of first refusal, expansion option or otherwise) of all other tenants and occupants which rights are existing on the Date of this Lease (each, a "**Superior Right**").

(d) Conditions. Landlord shall have no obligation to deliver a ROFO Notice and Tenant shall have no right to exercise any ROFO Option unless all of the following conditions have been satisfied both on the date of the Acceptance Notice and on the ROFO Space Commencement Date: (i) No uncured Event of Default (after the expiration of any applicable cure period) shall exist under this Lease; and (ii) the original Tenant or an entity which is an assignee or subtenant with respect to which the prior consent of Landlord is not required pursuant to Sections 6.2.1(f) or 6.2.1(g) of this Lease, is occupying not less than seventy-five percent (75%) of the Rentable Area of the Premises.

(e) Terms. Effective as of the date on which Landlord delivers the ROFO Space to Tenant (the "**ROFO Space Commencement Date**"):

(i) The ROFO Space shall be added to and be deemed to be a part of the Premises for all purposes under this Lease (except as otherwise provided in this Section 2.4);

(ii) The ROFO Space shall be delivered in broom-clean condition, free of all tenants and occupants and otherwise in its "as is" condition; Landlord shall not be obligated to perform any work or improvements or to provide any allowances or inducements with respect thereto;

(iii) The Annual Fixed Rental Rate, Monthly Fixed Rental Rate, Operating Costs Excess, Taxes Excess, and other Additional Rent for the ROFO Space shall be as set forth in the ROFO Notice;

(iv) The rent commencement date for the ROFO Space shall be as set forth in the ROFO Notice;

(v) The expiration date for the lease of the ROFO Space shall be as set forth in the ROFOF Notice; and

(vi) Tenant shall pay all Additional Rent payable under this Lease with respect to the applicable ROFO Space, except to the extent that any such Additional Rent is included in the amounts payable under clause (iii) above.

(f) Amendment. The delivery of an Acceptance Notice by Tenant shall constitute the irrevocable and unconditional acceptance by Tenant of the offer to lease the ROFO Space upon all of the terms and conditions set forth in the ROFO Notice. Without limitation, if Tenant exercises the ROFO Option, upon request of either party, Landlord and Tenant will execute, acknowledge and deliver an amendment to this Lease confirming the ROFO Space Commencement Date, Annual Fixed Rental Rate, Monthly Fixed Rental Rate, Operating Costs Excess, Taxes Excess, and other Additional Rent payable with respect to the ROFO Space, the incorporation of the ROFO Space into the Premises, and the modifications to this Lease resulting therefrom, as provided in subsection (e). The failure of either party to execute and deliver such an amendment shall not affect the rights, liabilities or obligations of the parties with respect to the ROFO Space.

(g) Expiration. Notwithstanding any provision contained herein to the contrary, effective as of the date which is twelve (12) months prior to the Expiration Date, or if this Lease is terminated prior to such Expiration Date, the earlier termination of this Lease, this Section 2.4 shall become null and void and of no further force or effect and Tenant shall have no further ROFO Options or other rights to lease any ROFO Space pursuant to this Section 2.4. Effective as of said date, all of the obligations of Landlord to offer any ROFO Space to Tenant shall be considered to have been fully and completely satisfied, and neither Landlord nor Tenant shall have any further rights, liabilities or obligations under this Section 2.4.

(h) Look Back. Notwithstanding the foregoing, if (i) Tenant was entitled to exercise its ROFO Option but failed to deliver an Acceptance Notice within the ten (10) Business Day period, and (ii) thereafter prior to entering into a lease (or leases) for such ROFO Space Landlord proposes to lease the respective ROFO Space to a prospective tenant on terms that are "materially more favorable" than those set forth in the ROFO Notice previously delivered to Tenant, then Tenant's rights with respect to the respective ROFO Space shall be revived and Tenant shall once again have a ROFO Option with respect to the respective ROFO Space. For purposes hereof, the terms offered to a prospect shall be deemed to be "materially more favorable" from those set forth in the ROFO Notice if there is a reduction of more than ten percent (10%) in the "bottom line" cost per rentable square foot of the ROFO Space to the prospective tenant, when compared with the "bottom line" cost per rentable square foot for the ROFO Space under the ROFO Notice, determined by considering all of the economic terms of both proposals, respectively, including, among other relevant factors, the fixed rent, the tax and expense escalation, the additional rent, any free rent periods, and any other concessions and allowances.

ARTICLE 3
Condition of Premises; Initial Installations

3.1 Condition of Premises; Initial Installations. Tenant has inspected the Premises and agrees (a) to accept possession of the Premises in the Delivery Condition, (b) that neither Landlord nor any of Landlord's agents have made any representations or warranties with respect to the Premises or the Building, and (c) Landlord has no obligation to perform any work, supply any

materials, incur any expense or make any alterations, additions or improvements to the Premises to prepare the Premises for Tenant's use and occupancy. Promptly after the Commencement Date occurs, Tenant shall, at its own cost and expense, in accordance with and subject to the terms and provisions of this Lease, perform or cause to be performed any Initial Installations, shall equip the Premises with new trade fixtures and personal property necessary or proper for the conduct of Tenant's business, and shall open for business as soon thereafter as possible. Tenant's occupancy of any part of the Premises shall be conclusive evidence, that Tenant has accepted possession of the Premises in its then-current condition, and that at the time such possession was taken, the Premises and the Building were in a good and satisfactory condition as required by this Lease. Notwithstanding the foregoing, Landlord acknowledges that Tenant may not be able to take occupancy of the Premises until such time as all applicable government restrictions or health advisory notices rendered in connection with the pandemic known as Corona Virus 19 have been removed or lapsed and employees of Tenant and their contractors can conduct the activities necessary to take occupancy in a manner reasonably determined by Tenant to be safe.

3.2 Delivery. The Premises shall be delivered to Tenant in the Delivery Condition. Landlord shall not be liable for any failure to deliver possession of the Premises or to cause the Commencement Date to have occurred by the Commencement Date, and no such failure shall impair the validity of this Lease or extend the Term.

3.3 Plans and Specifications. (a) If Tenant elects to perform any Initial Installations, then Tenant shall, at its sole cost and expense, prepare and furnish to Landlord for its approval, architectural, mechanical, electrical, plumbing, fire protection and structural engineering schematic design documents, design development documents and final construction plans and specifications for the Initial Installations. The plans and specifications for the Initial Installations shall be prepared by Tenant's Architect and shall be submitted to Landlord both in paper format (two (2) copies and electronically, all in AutoCad (dwg) and PDF format. All proposed plans and specifications prepared by Tenant's Architect for the Initial Installations shall comply with all applicable Requirements. Tenant shall cause Tenant's Architect to perform all architectural services typically and customarily provided under construction contracts for similar leasehold improvements. Such services shall include, without limitation, providing all certifications customarily provided by an architect for similar leasehold improvements in order to obtain a certificate of occupancy for the Premises. Tenant shall also retain, at market rates, the services of mechanical, electrical, plumbing and structural engineers designated by Landlord to assist in the preparation of the Proposed Tenant Improvement Plans, as well as any engineers or consultants required by Massport or other applicable Governmental Authorities to review the Proposed Tenant Improvement Plans for compliance with applicable Requirements. Tenant shall be solely responsible for the architectural and engineering services required in connection with the Initial Installations.

(b) If Tenant elects to perform any Initial Installations, then promptly after the Commencement Date, Tenant will cause Tenant's Architect to prepare and submit to Landlord for its approval the proposed final construction plans and specifications for the Initial Installations (collectively, the "**Proposed Tenant Improvement Plans**"). The approval by Landlord of the Proposed Tenant Improvement Plans shall not be unreasonably withheld, conditioned or delayed. Landlord shall not be deemed unreasonable for withholding approval of any element of such Proposed Tenant Improvement Plans which (i) involve or might affect any structural or exterior

element of the Complex or any portion thereof, (ii) might, in Landlord's reasonable opinion, materially adversely affect the value of the Complex or any portion thereof, (iii) might materially adversely affect the proper functioning of the building systems or other facilities, or (iv) will increase the cost of construction or insurance on the Complex or any portion thereof, or may increase the Operating Costs or Taxes. If Landlord shall advise Tenant of any objections to, deficiencies in, or clarifications required with respect to, the Proposed Tenant Improvement Plans, then Tenant shall, promptly after receipt of such response from Landlord, cause Tenant's Architect to revise the Proposed Tenant Improvement Plans to address the objections, deficiencies or clarifications, to stamp the revised plans, and to submit such revised plans to Landlord. After approval thereof by Landlord said plans shall be stamped by the Architect, and thereafter shall be considered to be the "**Tenant Improvement Plans**."

(c) The approval by Landlord of any Tenant Improvement Plans or other plans and specifications furnished to and approved by Landlord, or of any changes thereto, shall in no way be deemed an agreement or representation that such Tenant Improvement Plans or other plans and specifications, or any element of the Initial Installations contemplated thereby, comply with applicable Requirements. Landlord shall not be liable to Tenant or any other party in connection with the approval of any such Tenant Improvement Plans or other plans and specifications.

3.4 Performance of Initial Installations; Tenant's Contractor. From and after the Commencement Date, Tenant shall have the right to enter the Premises to perform the Initial Installations therein. The Initial Installations shall be consistent with and complementary to the first-class standards of the Building. Tenant will be responsible for obtaining all permits and approvals for the Initial Installations, including, without limitation, a building permit from the Commonwealth of Massachusetts Department of Public Safety and all applicable permits and approvals from the City of Boston Inspectional Services Department. The Initial Installations shall be performed by Tenant in accordance with the Tenant Improvement Plans and the construction rules, regulations and procedures adopted by Landlord from time to time. Tenant shall employ a general contractor selected by Tenant and approved by Landlord for the Initial Installations and shall cause said general contractor to obtain and maintain "builder's risk" insurance covering Landlord and Tenant as their interests may appear, against loss or damage by fire, vandalism, malicious mischief and such risks as are customarily covered by a so-called "extended coverage endorsement" to the full insurable value of the Initial Installations, in addition to all other insurance required by Section 6.2.5. Prior to the commencement of the Initial Installations, (x) Tenant shall submit certificates evidencing such insurance coverage to Landlord for its prior approval, and (y) Tenant shall obtain and submit to Landlord for its prior approval the building permit and all other applicable Permits for the Initial Installations required pursuant to applicable Requirements. Promptly after approval thereof by Landlord, Tenant shall commence and thereafter continuously and diligently prosecute the Initial Installations to completion in accordance with the Tenant Improvement Plans, in a good and workmanlike manner employing materials of good quality and in compliance with all applicable Requirements. The Initial Installations shall be performed in accordance with the applicable provisions of this Lease, including, without limitation, the provisions of Section 6.2.5. Tenant shall provide a project manager who will be the point of contact with Landlord's project manager for all matters dealing with the design and construction of the Initial Installations.

ARTICLE 4
Rent

4.1 Payment of Rent: Fixed Rent. (a) Tenant covenants and agrees to pay to Landlord, without notice or demand and without abatement, offset, deduction or counterclaim, to the Original Address of Landlord, or at such other place or to such other person or entity as Landlord may from time-to-time direct in writing: (i) Fixed Rent, in equal monthly installments at the Monthly Fixed Rent Rate (which is 1/12th of the Annual Fixed Rent), (and for any portion of a calendar month following the Commencement Date or at the end of the Term, at that rate prorated on a daily basis payable for such portion), in advance, on the first day of each calendar month during the Term, commencing on the Commencement Date; and (ii) Additional Rent, in the amounts, at the times and in the manner set forth in this Lease. The Fixed Rent and Additional Rent payable under this Lease sometimes are referred to in this Lease collectively as the "**Rent**."

(b) If Landlord shall give notice to Tenant that Rent and other payments due under this Lease are to be made to Landlord by wire transfer, electronic fund transfers or by similar means, then Tenant shall make all such payments as shall be due after receipt of such notice by means of such wire transfer, electronic fund transfers or such similar means as may be designated by Landlord.

(c) Tenant acknowledges and agrees that the Annual Fixed Rent Rate may not be reduced by agreement of Landlord and Tenant without the prior written consent of Massport, except pursuant to the express provisions of this Lease.

4.2 Additional Rent. Tenant covenants and agrees to pay the following, as Additional Rent:

4.2.1 Real Estate Taxes. (a) If for any Tax Year during the Term the Taxes exceed Base Taxes, then Tenant shall reimburse Landlord, as Additional Rent, for Tenant's Tax Percentage of such excess (the "**Tax Excess**"). Tenant shall remit to Landlord, on the first day of each calendar month, estimated payments on account of the Tax Excess, such monthly amounts to be sufficient to provide Landlord, as and when payments on account of Taxes are due and payable to the respective governmental authority, a sum equal to the Tax Excess, as reasonably estimated by Landlord from time-to-time on the basis of the most recent tax information available. Without limiting the foregoing, Landlord shall, promptly after the commencement of each Tax Year, provide Tenant with a statement setting forth Tenant's estimated payments for such Tax Year on account of the Tax Excess. If the total of such monthly payments for any Tax Year is greater than the actual Tax Excess for such Tax Year, then promptly after the expiration of such Tax Year and the determination of the actual amount of Tax Excess for such Tax Year, Landlord shall pay to Tenant, or credit against the next accruing payments to be made by Tenant pursuant to this subsection 4.2.1, the difference; if the total of such payments is less than the actual Tax Excess for such Tax Year, then Tenant shall pay the difference to Landlord not more than ten (10) days after Landlord delivers to Tenant an itemized statement of the actual Tax Excess.

(b) If, after Tenant shall have made payment of the Tax Excess for a Tax Year pursuant to this subsection 4.2.1, Landlord shall receive a refund of any portion of Taxes paid by Tenant with respect to such Tax Year, whether as a result of an abatement of such Taxes by legal proceedings, settlement or otherwise (without Landlord having any obligation to undertake any such proceedings), Landlord shall promptly pay to Tenant, or credit against the next accruing payments to be made by Tenant pursuant to this subsection 4.2.1, the Tenant's Percentage of the refund, after deducting therefrom Tenant's Tax Percentage of the costs and expenses, including, without limitation, reasonable attorneys' fees and appraisers' fees, incurred in connection with obtaining such refund.

(c) If the Term of this Lease shall commence, or shall end (by reason of expiration of the Term or earlier termination), on any date other than the first or last day of the Tax Year, or should the Tax Year or period of assessment of real estate taxes be changed, as the case may be, then the amount of Tax Excess payable by Tenant for such year shall be appropriately apportioned and adjusted.

(d) The term "**Taxes**" shall mean all ad valorem real estate and personal property taxes, assessments, business improvement district charges, fees and assessments, governmental betterments and other charges and impositions (including, but not limited to, fire protection service fees and similar charges) levied, assessed or imposed at any time and from time-to-time during the Term upon or against the Property and/or any part thereof. "**Taxes**" shall also include all taxes and payments assessed, levied, imposed or otherwise payable in lieu of the foregoing, all costs and expenses (including reasonable attorneys' fees) incurred in contesting or seeking an abatement or reduction in any of the foregoing, and all other additional types of taxes, assessments, levies, impositions, fees and charges however described or imposed upon the Property and/or the Landlord with respect to the Property. If, at any time during the Term, any tax or excise on rents or other revenues, however described, are levied or assessed against Landlord with respect to the Rent reserved hereunder and/or the ownership of the Property, either wholly or partially in substitution for, or in addition to, ad valorem real estate taxes, such tax or excise shall be included in Taxes; provided however, Taxes shall not include franchise, estate, inheritance, succession, capital levy, transfer, net income or excess profits taxes assessed on Landlord. Taxes shall include any estimated payment made by Landlord on account of a fiscal tax period for which the actual and final amount of taxes for such period has not been determined by the governmental authority as of the date of any such estimated payment.

4.2.2 Personal Property Taxes. Tenant shall pay all taxes, assessments, betterments and other charges and impositions charged, assessed or imposed upon the personal property, fixtures and equipment of Tenant in or upon the Premises prior to the due date thereof.

4.2.3 Operating Costs. (a) If for any calendar year during the Term the Operating Costs exceed the Base Operating Costs, then Tenant shall reimburse Landlord, as Additional Rent, for Tenant's Office Percentage of such excess (the "**Operating Costs Excess**"). Tenant shall remit to Landlord, on the first day of each calendar month, estimated payments on account of the Operating Costs Excess, in monthly amounts reasonably estimated by Landlord from time-to-time to be sufficient to provide Landlord, by the end of the calendar year, a sum equal to the Operating Costs Excess for such calendar year. Without limiting the foregoing, Landlord shall, promptly after the commencement of each Lease Year, provide Tenant with a statement setting forth Tenant's

estimated payments for such Lease Year on account of the Operating Costs Excess. If, at the expiration of the respective calendar year, the total of such monthly payments made by Tenant is greater than the actual Operating Costs Excess for such year, then promptly after the expiration of such calendar year and the determination of the actual amount of Operating Costs Excess, Landlord shall pay the excess amount to Tenant or credit the excess amount against the next accruing payments to be made by Tenant pursuant to this subsection 4.2.3. If the total of such payments is less than the actual Operating Costs Excess for such year, then Tenant shall pay the difference to Landlord within not more than ten (10) days after the date Landlord furnishes to Tenant an itemized statement of the actual Operating Costs Excess. Any reimbursement for Operating Costs due and payable by Tenant with respect to periods of less than twelve (12) months shall be equitably prorated.

(b) The term "**Operating Costs**" shall mean all costs or expenses of every kind and nature paid or incurred by Landlord in connection with the operation, cleaning, management, maintenance, repair and upkeep of the Property, including, without limitation, all costs and expenses of maintaining and repairing the Property (including snow removal, security, operation and repair of heating and air-conditioning equipment, elevators, lighting and any other building equipment or systems) and of all repairs and replacements (other than repairs or replacements for which Landlord has received full reimbursement from contractors, other tenants of the Building or from others) required or desirable in order to keep the Property in good working order, repair, appearance and condition; all costs, including material and equipment costs, for cleaning and janitorial services to the Building (including window cleaning of the Building); all premiums and costs of insurance carried by Landlord relating to the Property; all costs and expenses incurred by Landlord in providing transportation services, including shuttle bus services, water taxi services and the like; all costs related to provision of heat (including oil, electric, steam and/or gas), air-conditioning, ventilation, and water (including sewer charges) and other utilities to the Building (exclusive of reimbursement to Landlord for any of same received as a result of direct billing to any tenant); payments under all service contracts relating to the foregoing; all compensation, fringe benefits, payroll taxes and worker's compensation insurance premiums related thereto with respect to any employees (but not above the grade of general manager) of Landlord or its affiliates or manager engaged in security and maintenance of the Property; commercially reasonable attorneys' fees and disbursements (exclusive of any such fees and disbursements incurred in tax abatement proceedings or the preparation of leases or disputes with tenants) and auditing and other commercially reasonable professional fees and expenses; shuttle services; management fees consistent with management fees of other first class properties in the Seaport District of Boston, Massachusetts; fire protection service fees and similar governmental charges; and the portion fairly allocable to the Property of any and all of the foregoing costs incurred with regard to the operation, maintenance and repair of any facilities shared by the Property with any other properties.

(c) There shall not be included in such Operating Costs the following: (1) brokerage commissions and fees related to the leasing of space in the Building; (2) interest and principal payments for loans secured by the Property; (3) any ground lease rent; (4) costs of leasing space, including advertising and marketing costs and/or the cost of securing tenants, including rent inducements, space planning and legal fees and expenses for tenant spaces and leases and alterations to tenant spaces and any fit-out in advance of and in expectation of securing a tenant; (5) costs of services provided by affiliates of Landlord (other than the management fees set forth above) to the extent such costs exceed market competitive costs for such services for owner

managed buildings; (6) except as otherwise specifically provided here, costs incurred by Landlord of a capital nature to the extent they constitute capital additions to the Building; (7) costs incurred in connection with the removal, encapsulation or other treatment of asbestos or any other Hazardous Materials (classified as such on the Date of this Lease) existing in the Building as of the Date of this Lease or introduced into the Building by Landlord after the Date of this Lease; (8) costs associated with the operation of the business of the partnership or entity which constitutes the Landlord, as the same are distinguished from the costs of operation of the Building (which shall specifically include, but not be limited to, accounting costs associated with the operation of the Building); (9) any compensation paid to clerks, attendants or other persons in commercial concessions operated by the Landlord in excess of market rates for such services; and (10) the wages and benefits of any employee who does not devote substantially all of his or her employed time to the Building unless such wages and benefits are prorated to reflect time spent on operating and managing the Building vis-à-vis time spent on matters unrelated to operating and managing the Building.

(d) If during the Term, Landlord shall replace any capital items or make any capital expenditures (collectively, "**Capital Improvements**") and such Capital Improvement was made either (x) in the good faith judgment of the Landlord for the purpose of reducing Operating Costs, or (y) to comply with any law, code, regulation, or other legal requirement which was not in effect or applied to the Building as of the Commencement Date, then there shall nevertheless be included in Operating Costs for each calendar year in which such Capital Improvement is made, and for each subsequent calendar year, the "annual charge-off" of such Capital Improvement. The "annual charge-off" shall be determined by (i) dividing the original cost of the Capital Improvement by the number of years of useful life thereof (which useful life shall be determined by Landlord in accordance with generally accepted accounting principles and practices in effect at the time of making of said capital expenditure); and (ii) adding to such quotient an interest factor computed on the unamortized balance of such Capital Improvement, based upon an interest rate determined by Landlord as being the interest rate then being charged for long-term mortgages by institutional lenders on similar properties within the locality in which the Building is located; provided, however, if Landlord reasonably concludes on the basis of engineering estimates that such Capital Improvement will effect savings in Operating Costs and that such annual projected savings will exceed the annual charge-off of such Capital Improvement computed as aforesaid, then the annual charge-off shall be determined by (i) dividing the original cost of such Capital Improvement by the number of years over which the projected amount of such savings shall fully amortize the cost of such Capital Improvement; and (ii) by adding the interest factor, as aforesaid.

(e) If during all or any portion of any year for which Operating Costs are being computed, less than 95% of the rentable Office Area of the Building is occupied by tenants, then for purposes of calculating Operating Costs for such year, the items of Operating Costs incurred for such year or portion thereof which vary based on occupancy (such as cleaning costs) shall be reasonably extrapolated by Landlord to be the estimated Operating Costs that would have been incurred if 95% of the rentable Office Area of the Building had been occupied by tenants and such item(s) of work and services were being supplied to tenants occupying 95% of the rentable Office Area of the Building, and for the purposes of this Section 4.2.3, such extrapolated amount shall be deemed to be the Operating Costs for such year or portion thereof.

(f) Each statement of Operating Costs delivered to Tenant shall constitute an account stated between Landlord and Tenant and shall be conclusively binding upon Tenant, unless Tenant (i) pays to Landlord when due the amount set forth in such statement, without prejudice to Tenant's right to dispute such statement, and (ii) within ninety (90) days after such statement is delivered, sends a written notice to Landlord requesting an audit of Landlord's books, in which event, Tenant may, at its sole cost and expense, audit the books and records pertaining to the Operating Costs for the respective calendar year. Said audit shall be performed either (i) at a mutually satisfactory time at Landlord's offices in Boston, Massachusetts, or (ii) after physical or electronic delivery to Tenant of the relevant documents. Tenant agrees that Tenant will not employ, in connection with any such audit or any dispute under this Lease, any person or entity who is to be compensated in whole or in part, on a contingency fee basis. In connection with any such audit, Tenant, and all accountants, consultants and agents of Tenant shall keep all information confidential and shall execute and deliver to Landlord a commercially reasonable confidentiality agreement, whereby such parties agree not to disclose to any third party any of the information obtained in connection with such audit. If after such inspection, Tenant still disputes such Operating Expense accounting, Tenant may request that a final, binding determination as to the proper amount be made, at Tenant's sole cost and expense, by an independent certified public accountant selected by Landlord and reasonably approved by Tenant. Tenant shall pay the fees and expenses relating to such audit, unless it is conclusively determined that Landlord overstated Operating Costs by more than 5% for such year, in which event Landlord shall reimburse Tenant for the reasonable out-of-pocket costs incurred by Tenant in such audit.

4.2.4 Insurance. Tenant shall, at its cost and expense, obtain and maintain throughout the Term, the following insurance protecting Landlord and such additional Landlord Affiliates as may be requested by Landlord from time-to-time:

(a) Commercial general liability insurance, in the broadest and most comprehensive form generally available from time-to-time, naming Tenant as insured, and Landlord, Landlord's managing agent, the Landlord Affiliates, and any mortgagee of which Tenant has been given notice as additional insureds, and indemnifying the parties so named on an occurrence basis against all claims and demands for death or any injury to persons or damage to property which may be claimed to have occurred on the Premises (or the Property, insofar as used by customers, employees, servants or invitees of the Tenant), in amounts which shall, at the beginning of the Term, be at least equal to the limits set forth in Section 1.1, and from time to time during the Term, shall be for such higher limits, if any, as Landlord determines in its reasonable discretion as are customarily carried in the area in which the Premises are located on property similar to the Premises.

(b) Insurance against loss or damage by fire, and such other risks and hazards as are insurable under then available standard forms of "all risk" property insurance policies with extended coverage, insuring all of Tenant's furniture, furnishings, fixtures, and equipment, for the full insurable value thereof or replacement cost value thereof, having a deductible amount, if any, of not greater than $25,000.00 per annum;

(c) During the performance of any Alterations (including the Initial Installations) until completion thereof, builder's risk insurance on an "all risk" basis and on a completed value form, for full replacement value covering the interests of Landlord, Tenant (and their respective contractors and subcontractors) and any mortgagee, in all work incorporated in the Building and all materials and equipment in or about the Premises;

(d) Workers' compensation insurance, in amounts and with coverages as required by law;

(e) Business interruption insurance in an amount of not less than $500,000.00; and

(f) Such other insurance, in such amounts and with such coverages as Landlord may reasonably require from time to time.

(g) All such policies shall be obtained from insurance companies with A.M. Best ratings of "A-" or better, Class VIII or larger, and with S&P ratings of "AA" or better. All such insurance companies shall be qualified to do business and in good standing in the Commonwealth of Massachusetts. Tenant shall furnish Landlord with certificates evidencing all such insurance prior to the beginning of the Term, as well as updated certificates evidencing renewal thereof at least thirty (30) days prior to the expiration of any such policy. Such insurance may be maintained under a "blanket" and/or "umbrella" policy covering the Premises as well as other locations, provided that Tenant shall provide reasonably satisfactory evidence that such blanket policy specifically includes the Premises, that the minimum limits and self-insured retention for such policy satisfies the foregoing requirements and shall apply to each occurrence in the Premises, and that such policy affords substantially the same coverage as would be provided under an individual policy which satisfies the foregoing requirements

(h) All insurance which is carried by either party with respect to the Building, the Premises or furniture, furnishings, fixtures, or equipment therein or alterations or improvements thereto, whether or not required, shall include provisions which either designate the other party as one of the insured or deny to the insurer acquisition by subrogation of rights of recovery against the other party to the extent such rights have been waived by the insured party prior to occurrence of loss or injury. In the event that extra premium is payable by either party as a result of this provision, the other party shall reimburse the party paying such premium the amount of such extra premium. If at the request of one party, this non-subrogation provision is waived, then the obligation of reimbursement shall cease for such period of time as such waiver shall be effective, but nothing contained in this subsection shall derogate from or otherwise affect releases elsewhere herein contained of either party for claims. Each party shall be entitled to have certificates of any policies containing such provisions. Each party hereby waives all rights of recovery against the other for loss or injury against which the waiving party is protected by insurance containing such provisions, reserving, however, any rights with respect to any excess of loss or injury over the amount covered by such insurance. Tenant shall not acquire as insured under any insurance carried by or on behalf of Landlord with respect to the Premises any right to participate in the adjustment of loss or to receive insurance proceeds and agrees upon request promptly to endorse and deliver to Landlord any checks or other instruments in payment of loss in which Tenant is named as payee.

4.3 Late Payment of Rent. If Tenant shall fail to pay any installment of Rent when due, and if on a prior occasion in the twelve (12) month period immediately preceding such date Tenant also failed to pay any installment of Rent within five (5) days after the date when due, then in addition to the outstanding amounts, Tenant shall pay Landlord a late payment fee equal to 5% percent of the overdue payment.

4.4 Survival. The provisions of this Article 4 shall survive the expiration or termination of the Term.

ARTICLE 5
Landlord's Covenants

5.1 Affirmative Covenants. Landlord covenants with Tenant:

5.1.1 Condenser Water. Landlord shall furnish condenser water to the air handling units serving the Premises (reserving the right, at any time, to change energy sources) sufficient to enable Tenant to maintain the Premises at comfortable temperatures (subject to all federal, state, and local regulations relating to the provision of heat and the Air Conditioning Design Conditions) during Normal Business Hours by the operation of the system of air handling units, refrigerating units, VAV boxes and reheat coils that serve the Premises which are connected to the electrical system serving the Premises, the charges for which Tenant is responsible under Section 5.1.2 below. The "Air Conditioning Design Conditions" shall be 78 degrees F dry bulb and 50% relative humidity with outside conditions of 91 degrees F dry bulb and 75 degrees F wet bulb, based upon an occupancy within each separately partitioned area in the Premises of not more than 1 person per 150 square feet of Rentable Area and a combined lighting and standard electrical load not to exceed 6 watts per square foot of Rentable Area. From and after the Commencement Date, Tenant shall pay to Landlord, as Additional Rent, the Building standard "**Condenser Water Charge**" established by Landlord from time to time. The "Condenser Water Charge" is currently $650.00 per ton per annum and is subject to increases by Landlord from time to time, which increases shall be generally applicable to other Building tenants.

5.1.2 Electricity. Landlord shall furnish to the Premises, separately metered by check meter and at the direct expense of Tenant, up to 6 watts per square foot of Rentable Area of the Premises of electricity for Tenant's Permitted Uses (i.e., 2 watts for lighting and 4 watts for general power). From and after the Commencement Date, Tenant shall pay, as Additional Rent, for the electricity consumed in the Premises, based on the amounts shown on said check meter (the "**Electricity Charge**"). Tenant's electrical consumption will be individually check metered; however, with respect to electrical costs for heating, ventilating and air-conditioning ("**HVAC**"), if the Premises are located on a multi-tenant floor, for and with respect to Normal Business Hours, Tenant shall pay, as Additional Rent, for its pro rata share of the HVAC electrical cost (determined based on the square footage of the Premises on such multi-tenant floor divided by the aggregate square footage of all tenants on such multi-tenant floor). During any periods other than Normal Business Hours, from and after the Commencement Date, Tenant shall pay, as Additional Rent, the Building standard overtime HVAC electrical cost charge (the "**Overtime HVAC Electrical Cost Charge**") established by Landlord from time to time. The "Overtime HVAC Electrical Cost Charge" is currently $32.50 per hour per floor, with a two (2) hour minimum, and is subject to increases by Landlord from time to time, which increases shall be generally applicable to other Building tenants.

5.1.3 Cleaning. Landlord shall provide cleaning to the Premises (excluding any portions thereof used for the storage, preparation, service or consumption of food) and the common areas of the Building, substantially in accordance with the Cleaning Specifications attached hereto as Exhibit D and incorporated herein by this reference. Notwithstanding the foregoing, Tenant, at Tenant's expense, shall cause all portions of the Premises used for the storage, preparation, service or consumption of food or beverages to be cleaned daily in a manner reasonably satisfactory to Landlord, and to be treated against infestation by vermin, roaches or rodents, on a regular basis.

5.1.4 Water. Landlord shall furnish water to the Premises for customary cleaning, lavatory and toilet facilities.

5.1.5 Passenger Elevator Service. Landlord shall provide passenger elevator service from the lobby of the Building to the floor of the Building on which the Premises is located.

5.1.6 Security. Landlord shall furnish at least one (1) attendant in the Building during Normal Business Hours, and a card access control system for access to the Building and Premises after Normal Business Hours. Notwithstanding the foregoing, Tenant shall provide and maintain in good working order a security system adequate to provide protection for the Premises, including a twenty-four (24) hour direct response smoke, fire and burglary alarm system. Except as expressly set forth in this Section 5.1.6, Landlord will not provide Tenant with any security guards or alarm or security systems of any kind or nature. In no event shall Landlord have any liability or obligation to Tenant arising from any claims for loss, injury or damage to persons or property in connection with Tenant's security system, excepting only to the extent caused by the negligence or willful misconduct of Landlord.

5.1.7 Repairs. Except as otherwise expressly provided herein, Landlord shall make such repairs and replacements to the roof, exterior walls, exterior windows, floor slabs and other structural components of the Building, and to the common areas, facilities and plumbing, electrical, heating, ventilating and air-conditioning systems of the Building as may be necessary to keep them in good repair and condition (exclusive of equipment installed by Tenant and except for those repairs required to be made by Tenant pursuant to Section 6.1.3 hereof, and repairs or replacements occasioned by any negligence or misconduct of Tenant, its servants, agents, customers, contractors, employees, invitees, or licensees). The provisions of this Section 5.1.7 are subject to the provisions of Section 4.2.4(h).

5.2 Interruption. Landlord shall have no responsibilities, obligations, or liabilities for any failure or interruption of any of the above-described services, or for any failure or inability to make any repairs or replacements, if such failure, interruption or inability arises out of or results from Force Majeure Events, or any other causes beyond the reasonable control of the Landlord. Without limiting the foregoing, in no event shall Landlord ever be liable to Tenant for any lost profits, or for any indirect or consequential damages. No failure or omission on the part of the Landlord to furnish any of the services described in Section 5.1 shall be construed as an eviction of Tenant, actual or constructive, nor entitle Tenant to an abatement or reduction of, or offset against, Rent, nor render the Landlord liable in damages, nor release Tenant from prompt fulfillment of any of its obligations and covenants under this Lease.

Notwithstanding anything to the contrary contained in this Lease, if Tenant is unable despite its good faith commercially diligent efforts to use the Premises for the ordinary conduct of Tenant's business due solely to an interruption of an Essential Service which Landlord is required to provide hereunder, other than as a result of casualty or condemnation and subject to the provisions of Section 10.5, and such condition continues for a period of longer than five (5) consecutive Business Days after Tenant furnishes a notice to Landlord (the "**Abatement Notice**") identifying the condition and Essential Service which has been interrupted and stating that Tenant's inability to use the Premises is solely due to such condition, provided that (i) Tenant does not actually use or occupy the Premises during such five (5) consecutive Business Day period, and (ii) such condition has not resulted from the negligence or misconduct of Tenant or any of Tenant's representatives, employees, agents, contractors, invitees or licensees or otherwise, then Fixed Rent shall be abated on a per diem basis for the period (the "**Abatement Period**") commencing on the sixth (6th) Business Day after Tenant delivers the Abatement Notice to Landlord and ending on the earlier of (x) the date Tenant reoccupies the Premises, or (y) the date on which such condition is substantially remedied. "**Essential Service**" shall mean the following services, but only to the extent that Landlord is required to provide such services to Tenant pursuant to the terms of this Lease and if not provided the absence of such service shall materially and adversely affect the use of the Premises for the ordinary conduct of Tenant's business: HVAC service; electrical service; passenger elevator service; and water and sewer service. The foregoing rent abatement shall be the sole and exclusive remedy of Tenant on account of such interruption or lack of service and Landlord shall have no further liabilities or obligations to Tenant on account thereof.

5.3 Outside Services. Tenant shall make its own arrangements for the installation or provision of all additional utilities and services not expressly provided for in this Article 5, and Landlord shall have no obligation to furnish any other utilities or services to the Premises. If Tenant wishes to obtain "outside services" for the Premises, i.e. services in addition to, or in excess of, the services to be provided by Landlord as set forth in Section 5.1, then Tenant shall first obtain the prior written approval of Landlord (which approval shall not be unreasonably withheld) for the installation and/or utilization of such outside services. For purposes of this Lease, "outside services" shall include, but shall not be limited to, additional cleaning services, telecommunications services, security services, and the like. In the event Landlord approves the installation and/or utilization of such outside services, such installation and utilization shall be at Tenant's sole cost, risk and expense, and Landlord shall have no obligations or liabilities in connection therewith.

5.4 Discontinuance of Electrical Service. Notwithstanding any provision to the contrary contained in this Article 5, Landlord reserves the right to discontinue furnishing electricity to Tenant in the Premises on not less than thirty (30) days' notice to Tenant; provided, that, either (a) Landlord discontinues furnishing electricity to tenants (including Tenant) leasing an aggregate of at least 50% of the rentable area of the Building, or (b) Landlord is required to do so by the public utility or pursuant to applicable Requirements. If Landlord discontinues furnishing electricity to Tenant, then this Lease shall continue in full force and effect and shall be unaffected thereby, except that from and after the effective date of such discontinuance, Landlord shall not be obligated to furnish electricity to Tenant hereunder. If Landlord so discontinues furnishing electricity, then Tenant shall arrange to obtain electricity directly from a utility company serving the Building to the extent that the same is available, suitable and safe for such purposes. All equipment that may be required to obtain electricity of substantially the same quantity, quality and

character shall be installed by Landlord at the sole cost and expense of (x) Landlord, if Landlord voluntarily discontinues such service, or (y) Tenant, if Landlord is compelled to discontinue such service by the public utility or pursuant to applicable Requirements. Landlord shall not voluntarily discontinue furnishing electricity to Tenant until Tenant is able to receive electricity directly from a utility company servicing the Building, unless the utility company is not prepared to furnish electricity to the Premises on the date required as a result of Tenant's delay or negligence in arranging for service or Tenant's refusal to provide the utility company with a deposit or other security requested by the utility company, or Tenant's refusal to take any other action reasonably requested by the utility company.

ARTICLE 6
Tenant's Additional Covenants

6.1 Affirmative Covenants. Tenant covenants at all times during the Term and for such additional time (prior or subsequent thereto) as Tenant occupies the Premises or any part thereof:

6.1.1 Perform Obligations. Tenant shall perform on a timely basis all of the obligations of Tenant set forth in this Lease. Tenant shall pay when due the Fixed Rent, the Additional Rent, and all other charges, rates and other sums which by the terms of this Lease are to be paid by Tenant.

6.1.2 Use. Tenant shall use the Premises only for the Permitted Uses (and for no other purpose or purposes). Tenant shall obtain and maintain, at the sole cost and expense of Tenant, at all times during the Term all licenses and permits necessary or required therefor. Without limiting the foregoing, Tenant shall deliver to Landlord for its approval (which approval will not to be unreasonably withheld), copies of all applications for all such licenses and permits prior to submission thereof to the applicable governmental authorities.

6.1.3 Repair and Maintenance. Tenant shall maintain the Premises in first-class, good and neat order, condition and repair. Tenant shall perform all routine and ordinary repairs to the Premises and to all plumbing, heating, electrical, ventilating and air-conditioning systems located within and/or exclusively serving the Premises, in order to maintain such systems and equipment in good working order, appearance and condition, damage by fire or casualty only excepted. Tenant shall keep all glass in windows and doors of the Premises (excepting only glass in the exterior windows of the Building) whole and in good condition. Tenant shall make all necessary repairs to the Premises and/or the Property arising out of or resulting from misuse or damage by, or neglect or improper conduct of, Tenant or Tenant's representatives, employees, agents, contractors, invitees or licensees or otherwise. All repairs and replacements performed by Tenant shall be in quality and class equal to the original work. If Tenant fails to timely perform such repairs and maintenance then upon prior notice to Tenant, Landlord may elect, at the expense of Tenant, to perform all such cleaning and maintenance, and to make any such repairs or to repair any damage or injury to the Premises and/or the Property caused by moving property of Tenant into or out of the Premises, or by the installation or removal of furniture or other property, or by misuse by, or neglect, or improper conduct of, Tenant or Tenant's servants, employees, agents, contractors, customers, patrons, invitees, or licensees. Tenant shall pay such costs and expenses, as Additional Rent, within thirty (30) days after delivery of a bill or invoice therefor by Landlord.

6.1.4 Compliance with Law. Tenant shall make all repairs, alterations, additions or replacements to the Premises required by applicable Requirements to keep the Premises equipped with all safety appliances so required, and Tenant shall comply with the orders and regulations of all governmental authorities with respect to zoning, building, fire, health and other codes, regulations, ordinances or laws applicable to the Premises; provided, however, Tenant shall not be obligated to make any structural Alterations or Alterations to the building systems unless the need for such structural Alterations or Alterations to the building systems arises out of or results from (i) the specific manner and nature of Tenant's use or occupancy of the Premises, as distinguished from general office use, (ii) Alterations made by Tenant, or (iii) a breach by Tenant of any of the provisions of this Lease. Without limiting the foregoing, within the Premises, and with respect to all means of access and egress to and from the Premises (including all entrances and doorways), Tenant shall be responsible for compliance with the ADA.

6.1.5 Indemnification. To the maximum extent permitted by law, excepting only to the extent otherwise provided in M.G.L. Chapter 186, Section 15, Tenant shall indemnify, defend and hold harmless Landlord and all Landlord Affiliates, from and against any and all claims, actions, proceedings, judgments, obligations, liabilities, costs, expenses (including, without limitation, reasonable attorneys' fees), and penalties (collectively, "**Claims**") asserted by or on behalf of any person, firm, corporation or public authority (i) arising out of or resulting from any injury, death, damage or loss to any person or property in or upon the Premises and/or the Property (or any part thereof), which Claims arise out of or result from the use or occupancy of the Premises by Tenant or by any person claiming by, through or under Tenant (including, without limitation, all contractors, agents, patrons, employees, invitees, and customers of Tenant), (ii) arising out of or resulting from anything whatsoever done on the Premises, (iii) arising out of or resulting from the negligence or willful misconduct of Tenant or its employees, contractors or agents, or (iv) arising out of or resulting from the failure of Tenant to perform and discharge its covenants and obligations under this Lease prior to the expiration of all applicable notice, grace and cure periods. Without limiting the foregoing, if any action or proceeding is brought against Landlord and/or any Landlord Affiliates by reason of any such Claim, upon notice from Landlord and at Tenant's expense, Tenant shall resist or defend all such actions or proceedings and employ counsel therefor reasonably satisfactory to and approved in advance by Landlord.

6.1.6 Landlord's Right to Enter. Tenant shall permit Landlord and its agents to enter into and examine the Premises at reasonable times, including, without limitation, to show the Premises and/or the Building to current or prospective lenders, purchasers or investors (and, during the last fifteen (15) months of the Term to prospective tenants), and to make repairs to the Premises and/or the Building. Landlord shall provide reasonable prior notice of such entry (which notice may be verbal), except for routine access such as for providing cleaning or maintenance services, or in the event of emergencies, when no such notice shall be required. Tenant shall provide Landlord with copies of keys, and a means of access to Tenant's security system, as may be necessary for such entry by Landlord.

6.1.7 Personal Property at Tenant's Risk. All furnishings, fixtures, equipment, and personal property of every kind, nature and description of Tenant and of all persons claiming by, through or under Tenant which may from time to time be in the Premises, shall be at the sole risk and hazard of Tenant or such other person and Landlord shall have no liability or obligations therefor. If any such furnishings, fixtures, equipment, or personal property shall be destroyed or

damaged by fire, water or otherwise, or by the leakage or bursting of water pipes, steam pipes, or other pipes, or by theft or from any other cause, then to the maximum extent permitted by law, Landlord shall have no liabilities or obligations as a result thereof and no part of such loss or damage is to be charged to or to be borne by Landlord.

6.1.8 Payment of Landlord's Costs of Enforcement. Tenant shall pay on demand all reasonable expenses (including, without limitation, reasonable attorneys' fees) incurred from time-to-time by Landlord in enforcing any obligation of Tenant under this Lease, or in curing any breach or default by Tenant under this Lease.

6.1.9 Yield Up. (a) Tenant shall yield up and surrender possession of the Premises to Landlord at the expiration of the Term or earlier termination of this Lease, free and clear of all tenants and occupants, broom-clean and in the same good order and repair in which Tenant is obliged to keep and maintain the Premises by the provisions of this Lease. Tenant shall surrender all keys to the Premises. Tenant shall remove all Specialty Alterations and Tenant's Property from the Premises. Tenant shall remove all Tenant's telecommunications equipment and wires and cables installed by or on behalf of Tenant. Tenant shall remove such other installations made by it as Landlord may request and all Tenant's signs wherever located. Any property not so removed shall be deemed abandoned and, if Landlord so elects, deemed to be Landlord's property, and may be retained or removed and disposed of by Landlord in such manner as Landlord shall determine. Tenant shall reimburse Landlord for all costs and expenses incurred by Landlord in effecting such removal and disposition, and in making any repairs and replacements to the Premises after surrender thereof by Tenant.

Without limiting the foregoing, upon request of Tenant, concurrent with the review of plans and specifications in connection with any Alterations, Landlord will notify Tenant as to which of the proposed installations and improvements constitute Specialty Alterations which Tenant will be required to remove at the expiration of the Term provided that Tenant shall include the following legend in capitalized and bold type displayed prominently on the top of the first page of Tenant's notice delivered concurrently with such plans and specifications: **"IF LANDLORD FAILS TO NOTIFY TENANT AT THE TIME LANDLORD APPROVES THESE PLANS AND SPECIFICATIONS THAT ANY ALTERATIONS SHOWN THEREON ARE SPECIALTY ALTERATIONS (AS DEFINED IN THE LEASE), LANDLORD MAY NOT REQUIRE TENANT TO REMOVE SUCH SPECIALTY ALTERATIONS AT THE END OF THE TERM OF THE LEASE."**

(b) If Tenant does not yield up and surrender the Premises or any part thereof after the expiration of the Term or earlier termination of this Lease, such holding over shall be without right and shall not be deemed to create any tenancy, but the Tenant shall be a tenant at sufferance only at the rent set forth in this Section 6.1.9(b) and otherwise upon the terms and conditions set forth in this Lease. If possession of the Premises (or any part thereof) is not surrendered to Landlord by the expiration or earlier termination of this Lease, then Tenant shall pay to Landlord for each month (or any portion thereof) prior to the date on which Tenant actually surrenders possession of the Premises a holdover charge calculated as follows: (i) for each day during which Tenant holds over in the Premises after the Expiration Date or sooner termination of this Lease, through and including the day which is thirty (30) days thereafter, a per diem holdover charge calculated at a rate equal to the greater of (a) 150% of the daily Fixed Rent, Additional

Rent, and all other charges payable under this Lease for the last full calendar month of the Term, and (b) 150% of the then-applicable fair market rental value of the Premises (as determined by Landlord in its reasonable discretion); and (ii) if Tenant holds over in the Premises for more than thirty (30) days after the Expiration Date or sooner termination of this Lease, a per diem holdover charge calculated at a rate equal to the greater of (i) two hundred percent (200%) of the Fixed Rent, Additional Rent, and other charges payable under this Lease for the month immediately preceding the date of expiration or earlier termination of this Lease, or (ii) the then-fair market rental value of the Premises (as determined by Landlord in its reasonable discretion). In addition, to the maximum extent permitted by law, Tenant shall indemnify and hold harmless Landlord from and against all loss, cost, expense and damage (including all direct, consequential, and indirect damages) arising out of or resulting from Tenant's failure to surrender the Premises by not later than the expiration of the Term or earlier termination of this Lease.

6.1.10 Rules and Regulations. Tenant shall comply with the Rules and Regulations set forth in Exhibit E, together with all amendments, supplements, and modifications thereto as may be adopted from time-to-time by Landlord (collectively, the "**Rules and Regulations**"). Landlord agrees to provide notice to Tenant of any such amendments, supplements, or modifications, and to enforce such Rules and Regulations in a nondiscriminatory fashion, except where differing circumstances justify different treatment; provided, however, Landlord shall not be liable to Tenant for the failure of any other tenant(s) of the Building to comply with such Rules and Regulations. In the event of any conflict or inconsistency between the Rules and Regulations and the terms and conditions of this Lease, the terms and conditions of this Lease shall govern and control.

6.1.11 Estoppel Certificates. Tenant shall execute, acknowledge and deliver to Landlord an estoppel certificate in a form reasonably required by Landlord, within not more than fifteen (15) days after request by Landlord, certifying as to all or any of the following: (i) that this Lease is unmodified (or, if there have been any modifications stating such modifications) and in full force and effect, (ii) whether the Term has commenced and Fixed Rent and Additional Rent have become payable hereunder and the dates to which they have been paid, (iii) whether or not Tenant has knowledge that Landlord is in breach or default in performance of any of the terms of this Lease, and, if so, specifying such breaches or defaults, (iv) whether Tenant has accepted possession of the Premises, (v) whether Tenant has made any claim against Landlord under this Lease and, if so, the nature thereof and the dollar amount, if any, of such claim, (vi) whether Tenant claims any offsets or defenses against enforcement of any of the terms of this Lease, and, if so, setting them forth in reasonable detail, and (vii) such additional information with respect to Lease and/or the Premises as Landlord may reasonably request. Any such statement delivered pursuant to this subsection 6.1.11 may be relied upon by Landlord, Massport, any prospective purchaser or mortgagee of the Premises, or any prospective assignee of such mortgagee. Tenant shall also deliver to Landlord such financial information as may be reasonably required by Landlord to be provided to Massport, any mortgagee, or any prospective purchaser of the Property.

6.1.12 Services Provided by Landlord; Landlord's Expenses Re Consents. If, on the request of Tenant, Landlord provides any services to Tenant, including, without limitation, cleaning, maintenance, repair, or other services, then Tenant shall reimburse Landlord, as Additional Rent, for all costs and expenses incurred by Landlord in connection with providing such services, together with an administrative fee established by Landlord from time-to-time,

which administrative fee shall be consistent with comparable administrative fees then being imposed by owners and managers of comparable first-class buildings in Boston, Massachusetts. As of the Effective Date, the administrative fee is ten percent (10%) of such costs and expenses, and said fee is subject to adjustment by Landlord from time-to-time. In addition, Tenant shall reimburse Landlord promptly upon demand for all reasonable legal fees and expenses incurred by Landlord in connection with all requests made by Tenant for consents or approvals hereunder.

6.1.13 Non-Discrimination and Affirmative Action. Tenant shall comply with the Non-Discrimination and Affirmative Action Covenants set forth in Section 14.1 of the Massport Lease, which are restated in Exhibit G attached hereto, wherein the term "Tenant" shall mean Tenant hereunder and "Landlord" shall mean the Landlord under the Massport Lease.

6.1.14 Receipt and Delivery. Tenant shall receive and deliver goods and merchandise only through the loading dock designated from time to time by Landlord, during Normal Business Hours, and shall cause all messenger and small scale deliveries to be made through the Building security desk, all in accordance with Landlord's rules and regulations therefor. Without limitation, no "hand trucks" shall be used in the lobby areas of the Building.

6.1.15 Security Measures. Tenant shall maintain order and decorum in and around all portions of the Premises, and if auxiliary security personnel shall reasonably be required to maintain such order and decorum, the same shall be provided by and at the expense of Tenant whenever requested by Landlord.

6.2 Negative Covenants. Tenant covenants and agrees, at all times during the Term and during such additional times (prior or subsequent thereto) as Tenant occupies the Premises or any part thereof:

6.2.1 Assignment and Subletting. (a) Tenant shall not to assign, transfer, mortgage or pledge this Lease or to sublease (which term shall be deemed to include the granting of concessions and licenses and the like) all or any part of the Premises, or suffer or permit this Lease or the leasehold estate hereby created or any other rights arising under this Lease to be assigned, transferred or encumbered, in whole or in part, whether voluntarily, involuntarily or by operation of law, or permit the occupancy of the Premises by anyone other than Tenant, without the prior written consent of Landlord in each instance. In the event Tenant desires to assign this Lease or sublet any portion or all of the Premises, Tenant shall notify Landlord in writing of Tenant's intent to so assign this Lease or sublet the Premises (each, a "**Recapture Notice**"), which Recapture Notice shall be accompanied by (a) with respect to an assignment of this Lease, the date Tenant desires the assignment to be effective, and (b) with respect to a proposed sublease of all or a part of the Premises, (i) the material business terms of the proposed sublease, and (ii) a description of the portion of the Premises to be sublet. Each Recapture Notice shall be deemed an offer from Tenant to Landlord whereby Landlord shall be granted the right, at Landlord's option, (1) to terminate this Lease with respect to such space as Tenant proposes to sublease (the "**Partial Space**"), upon the terms and conditions hereinafter set forth, or (2) if the proposed transaction is an assignment of this Lease or a subletting of fifty percent (50%) or more of the rentable square footage of the Premises, to terminate this Lease with respect to the entire Premises. Such option may be exercised by notice from Landlord to Tenant within thirty (30) days after Landlord's receipt of the Recapture Notice. If Landlord exercises its option to terminate this Lease as to the entire

Premises, or to terminate this Lease as to a Partial Space, pursuant to the foregoing provisions, then (a) this Lease shall end and expire with respect to all or a portion of the Premises, as the case may be, on the date that such assignment or sublease was to commence (as if such date were the expiration date of the Term hereof), (b) Rent shall be apportioned, paid or refunded as of such date and Tenant's Percentage shall be appropriately adjusted, (c) Tenant, upon Landlord's request, shall enter into an amendment of this Lease ratifying and confirming such termination and setting forth any appropriate modifications to the terms and provisions hereof, (d) Landlord shall be free to lease the Premises, or the portion thereof as to which such termination shall be effective, or any part thereof, to any person or persons, including, without limitation, to Tenant's prospective assignee or subtenant, and (e) if the termination is only as to a Partial Space, Tenant shall be liable for all costs and expenses of segregating the Partial Space from the remaining Premises, and for the costs of separately demising the Partial Space from the remaining Premises. If Landlord does not elect to terminate this Lease in whole or in part as aforesaid, then Landlord's consent shall not be unreasonably withheld to such proposed assignment or sublease, provided that the following conditions are met:

i. The proposed assignee or subtenant has a financial net worth sufficient to meet the requirements of the assignment or sublease;

ii. the proposed assignee or subtenant is not then, and has not within the twelve (12) months immediately preceding such request, been a tenant in the Building or an entity with whom Landlord is dealing or has dealt regarding the possibility of leasing space in the Building;

iii. Tenant is not in default under this Lease beyond any applicable grace period;

iv. the assignee or subtenant shall use the Premises only for the Permitted Uses;

v. the term of any sublease shall expire no later than the expiration of the Original Term of this Lease; and

vi. the form and substance of the proposed sublease or assignment agreement is reasonably satisfactory to Landlord.

Tenant shall furnish Landlord with any information reasonably requested by Landlord to enable Landlord to determine whether the proposed assignment or subletting complies with the foregoing requirements, including, without limitation, financial statements relating to the proposed assignee or subtenant.

(b) Tenant shall, promptly after Landlord's request therefor, reimburse Landlord, as Additional Rent, for all reasonable legal fees and expenses incurred by Landlord in connection with any request by Tenant for such consent. If Landlord consents thereto, no such subletting or assignment shall in any way limit or impair the continuing primary liability of Tenant hereunder, and no consent to any subletting or assignment in a particular instance shall be deemed to be a waiver of the obligation to obtain the prior written consent of Landlord for any future or subsequent subletting or assignment. If Tenant has not executed and delivered to Landlord an assignment or sublease within one hundred twenty (120) days after Landlord's election not to

terminate all or a part of this Lease hereof pursuant to the provisions of Section 6.2.1(a), then Tenant shall submit an additional Recapture Notice to Landlord, and Landlord shall again have the right to terminate all or a part of this Lease in the case of a proposed assignment or to suspend this Lease pro tanto for the period and with respect to the space involved in the case of a proposed subletting, in accordance with the provisions of Section 6.2.1(a) as if Landlord's prior election not to do so had not been made.

(c) If Tenant shall enter into any assignment of this Lease or any sublease of all or any portion of the Premises, and in connection with any such assignment or sublease Tenant receives rent or other consideration, either initially or over the term of the assignment or sublease, in excess of the Rent payable by Tenant hereunder, or in case of any sublease of part of the Premises in excess of the rent fairly allocable to such part of the Premises (after first deducting the reasonable third-party fees and expenses for brokerage, architectural, marketing, and legal services actually incurred by Tenant in connection with such assignment or sublease), amortized over the term of the assignment or sublease, then Tenant shall pay to Landlord, promptly after receipt thereof, as Additional Rent, fifty percent (50%) of such excess. Within sixty (60) days after Landlord's consent to such assignment or sublease (or if Landlord's consent is not required hereunder, within such sixty (60) days after the date of such assignment or sublease), Tenant shall deliver to Landlord a complete list of Tenant's reasonable third-party brokerage fees, legal fees and architectural fees and expenses paid or to be paid in connection with such transaction, together with a list of all of Tenant's personal property to be transferred to such assignee or sublessee. Tenant shall deliver to Landlord evidence of the payment of such fees and expenses promptly after the same are paid.

(d) If Tenant is a legal entity, the transfer by one or more transfers, directly or indirectly, by operation of law or otherwise, of a majority of the membership interests, stock, partnership interests or other beneficial ownership interests of Tenant shall be deemed a voluntary assignment of this Lease; provided, however, that the provisions of this subsection (d) shall not apply to the transfer of shares of stock of Tenant if and so long as the voting of stock of Tenant is publicly traded on a nationally recognized stock exchange. For purposes of this subsection (d) the term "transfers" shall be deemed to include the issuance of new membership interests, stock, partnership interests or other beneficial ownership interests which results in a majority of the membership interests, stock, partnership interests or other beneficial ownership interests of Tenant being held by a person or persons that do not hold a majority of such interests on the date of this Lease.

(e) Any assignment or transfer, whether made with Landlord's consent or without Landlord's consent because Landlord's consent is not required pursuant to the foregoing provisions of this Section 6.2.1, if and to the extent permitted hereunder, shall not be effective unless and until the assignee or transferee executes, acknowledges and delivers to Landlord an agreement, in form and substance satisfactory to Landlord, whereby the assignee or transferee (A) assumes Tenant's obligations under this Lease (including, without limitation, the obligation to continue to operate for the Permitted Use(s), and (B) agrees that, notwithstanding such assignment or transfer, the prior consent of Landlord shall be required for, and the provisions of this Section 6.2.1 shall be binding upon it with respect to, all subsequent assignments and transfers.

(f) Notwithstanding the foregoing provisions, Landlord's prior consent shall not be required for an assignment of this Lease in connection with transactions with an entity which acquires all or substantially all of the assets of Tenant, or into or with which Tenant is merged or consolidated (and is not the surviving entity) so long as: (i) such entity shall agree with Landlord to be bound by all of the obligations of Tenant hereunder; (ii) such assignment shall not relieve Tenant (or its successors or assigns following such merger or consolidation) of any of its obligations hereunder; (iii) such transfer was made for a legitimate independent business purpose and not for the purpose of transferring this Lease, and (iv) the successor to Tenant has a net worth computed in accordance with generally accepted accounting principles at least equal to the net worth of Tenant immediately prior to such merger or consolidation.

(g) Notwithstanding the foregoing provisions, Landlord's prior consent shall not be required for an assignment of this Lease or a sublease of all or a portion of the Premises to an Affiliate of Tenant (but only for such period of time as such entity or person remains an Affiliate of Tenant), it being agreed that the subsequent transfer of control, or any other transaction(s) having the overall effect that such entity or person ceases to be such an Affiliate of Tenant, shall be treated as if such transfer or transaction(s) were, for all purposes, an assignment of this Lease to a third party not an Affiliate of Tenant governed by the provisions of subsection (a). "Affiliate" shall mean any business entity or person which Controls, is Controlled By, or is under Common Control with the original Tenant. "Control," "Controlled By" or "Common Control" shall mean the ownership, directly or indirectly, of at least 50% of the voting stock, partnership interests, membership interests, or beneficial ownership interest in such person or entity, or the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such corporation, partnership, limited liability company, person or entity.

(h) The joint and several liability of Tenant and any successors-in-interest of Tenant and the due performance of Tenant's obligations under this Lease shall not be discharged, released or impaired by any agreement or stipulation made by Landlord, or any grantee or assignee of Landlord, extending the time, or modifying any of the terms and provisions of this Lease, or by any waiver or failure of Landlord, or any grantee or assignee of Landlord, to enforce any of the terms and provisions of this Lease. The listing of any name other than that of Tenant on the doors of the Premises, the Building directory or elsewhere shall not vest any right or interest in this Lease or in the Premises, nor be deemed to constitute Landlord's consent to any assignment or transfer of this Lease or to any sublease of the Premises or to the use or occupancy thereof by others. Any such listing shall constitute a privilege revocable in Landlord's discretion by notice to Tenant.

6.2.2 Nuisance. Tenant shall not permit or cause any offensive odors, noises, or vibrations to be emitted from the Premises. Tenant shall not injure, deface or otherwise harm the Premises or the Property (or any part thereof), nor to commit any nuisance; nor permit in the Premises any vending machine (except as used for the sale of merchandise to employees of Tenant) or kerosene, gasoline, or inflammable or combustible or explosive fluid or chemical substance (other than limited quantities of such materials or substances reasonably necessary for the operation or maintenance of office equipment or limited quantities of cleaning fluids and solvents required in Tenant's normal operations in the Premises). Tenant shall not permit any cooking to such extent exhaust venting is required; nor permit use of any telecommunications or other equipment which interferes with the use and enjoyment by any other tenant of the Building of its demised premises. Tenant shall not make, allow or suffer any waste; nor make any use of the

Premises which is contrary to any Requirement or which will invalidate any of Landlord's insurance or cause any increase above normal insurance premiums on the Building. Tenant shall not conduct any auction, fire, "going out of business" or bankruptcy sales.

6.2.3 Hazardous Wastes and Materials. Tenant shall not cause or permit any Hazardous Materials to be used, handled, generated, stored or disposed of by Tenant, or persons or entities acting by, through, or on behalf of Tenant, on, under or above, or transported to or from, the Premises and/or the Property (collectively, "**Hazardous Materials Activities**"); provided, however, Tenant may use de minimis quantities of commercially available cleaners and office supplies which are customarily used in the ordinary course of first-class business office operations, which cleaners and/or office supplies contain Hazardous Materials; provided further, Tenant shall use such cleaners and office supplies in strict compliance with all applicable Requirements, and shall use all necessary and appropriate precautions to prevent any spill, discharge, release or exposure to persons or property. Landlord shall not be liable to Tenant for any loss, cost, expense, claim, damage or liability arising out of any Hazardous Materials Activities by Tenant, or by Tenant's employees, agents, contractors, licensees, customers or invitees. Tenant shall indemnify, defend with counsel acceptable to and approved by Landlord, and hold Landlord and all Landlord Affiliates harmless from and against any and all losses, costs, expenses (including, without limitation, all reasonable attorneys' fees), claims, damages, obligations and liabilities arising out of or resulting from the following: (i) any Hazardous Materials Activities conducted in the Premises; (ii) any Hazardous Materials Activities by Tenant, Tenant's employees, agents, contractors, licensees, customers or invitees or anyone claiming by, through or under Tenant, wherever occurring; and (iii) any contamination, claim of contamination, loss or damage, or the like arising out of or resulting from the foregoing. For purposes hereof, "**Hazardous Materials**" shall include but not be limited to substances defined as "hazardous substances," "toxic substances" or "hazardous wastes" or "oil" in any local, state or federal law, rule, regulation or ordinance (collectively, "**Environmental Laws**"). Without limiting the foregoing, if Tenant's activities violate or create a risk of violation of any Environmental Law or cause a spill, discharge, release or exposure to any persons or property, then Tenant shall cease such activities as soon as is practically possible. Tenant shall promptly notify Landlord both by telephone and in writing of any spill, discharge, release or exposure of Hazardous Materials in or about the Premises, or of any condition in or about the Premises constituting an "imminent hazard" under any Environmental Laws. Landlord, Landlord's representatives and employees may enter the Premises during the Term to inspect Tenant's compliance herewith, and may disclose any spill, discharge, release, or exposure or any violation of any Environmental Laws to any applicable governmental agencies or authorities.

6.2.4 Floor Load; Heavy Equipment. Tenant shall not place a load upon any floor of the Premises exceeding sixty (60) pounds per square foot (live load), and in no event, in excess of that allowed by applicable Requirements. Landlord reserves the right to prescribe the weight and position of all heavy business machines and equipment, including safes, which shall be placed so as to distribute the weight. Tenant shall place all business machines and mechanical equipment which cause vibration or noise in settings sufficient to absorb and prevent vibration, noise and annoyance. Tenant shall not move any safe, heavy machinery, heavy equipment, freight or fixtures into or out of the Premises except in such manner and at such time as Landlord shall reasonably authorize in each instance.

6.2.5 Improvements, Alterations and Additions. (a) Tenant shall not make any installations, improvements, alterations or additions (collectively, "**Alterations**") in, to or on the Premises without Landlord's prior written consent. Tenant shall not install or modify any locks or security devices, without in each instance obtaining the prior written consent of Landlord. Notwithstanding the foregoing, Landlord's prior written consent shall not be required in connection with usual and customary interior decorative or cosmetic Alterations that satisfy the following criteria: (i) the Alteration is of a decoration or cosmetic nature such as wallpapering, painting, carpeting or installation of artwork, (ii) the Alteration is non-structural and does not affect the Building Systems, (iii) the Alteration affects only the Premises and is not visible from outside of the Premises or the Building, (iv) the Alteration will not adversely affect any service furnished by Landlord to Tenant or to any other tenant of the Building, (v) the Alteration does not require work to be performed inside the walls, above the ceiling, or below the floor of the Premises, and (vi) the Alteration is in compliance with all applicable Requirements. All Alterations (excepting only decorative Alterations) shall be performed pursuant to plans and specifications approved by Landlord in advance in each instance and by contractors approved by Landlord. All Alterations shall be performed in a manner and fashion so as to minimize interference with the other tenants and occupants of the Building, with Landlord and Landlord's operations in the Building, and with other labor working on the Premises and/or the Property (or any part thereof). Tenant shall not employ, or permit the employment of, any contractor, mechanic or laborer, or permit any materials to be delivered to or used in the Building, if, in Landlord's sole judgment, such employment, delivery or use will interfere or cause any conflict with other contractors, mechanics or laborers engaged in the construction, maintenance or operation of the Building by Landlord, Tenant or other tenants or occupants of the Building. If such interference or conflict occurs, upon Landlord's request, Tenant shall cause all contractors, mechanics or laborers causing such interference or conflict to leave the Building as soon as is practically possible.

(b) Tenant shall pay promptly when due the entire cost and expense of all Alterations to the Premises undertaken by or on behalf of Tenant and in any event shall cause the Premises at all times to be free of liens for labor and materials. All Alterations shall be performed (a) in a good and first-class workmanlike manner and free from defects, (b) in accordance with the plans and specifications approved by Landlord, and by contractors approved by Landlord, (c) if requested by Landlord, under the supervision of a licensed architect reasonably satisfactory to Landlord, and (d) in compliance with all applicable Requirements, the terms of this Lease, and all construction procedures and regulations then prescribed by Landlord for work performed in the Building. The approval of plans or specifications, or consent by Landlord to the making of any Alterations, does not constitute Landlord's agreement or representation that such plans, specifications or Alterations comply with any Requirements. Landlord shall have no liability to Tenant or any other party in connection with Landlord's approval of any plans and specifications for any Alterations, or Landlord's consent to Tenant's performing any Alterations. At the request of Landlord, Tenant shall furnish to Landlord a bond or other security acceptable to Landlord assuring that any proposed Alterations commenced by Tenant (excepting only the Initial Installations) with an aggregate cost of more than One Hundred Fifty Thousand Dollars ($150,000.00) (subject to increase as hereinafter set forth) will be completed in accordance with the plans and specifications theretofore approved by Landlord, and assuring that the Premises will remain free of any mechanics' liens or other encumbrances arising out of such Alterations. The sum of One Hundred Fifty Thousand Dollars ($150,000.00) specified in the preceding sentence shall be increased each year by three percent (3%) commencing on the first anniversary of the Commencement Date. To the maximum extent permitted by law, Tenant shall indemnify, defend,

and hold harmless Landlord and all Landlord Affiliates from and against any and all losses, costs, expenses, claims, actions, proceedings, claims or damage to any person or property arising out of or resulting from any Alterations undertaken by Tenant, including, without limitation, from and against any liabilities and/or obligations arising out of or resulting from the Alterations performed by Tenant.

(c) Prior to commencing any Alterations Tenant shall, at its sole cost and expense: (i) secure all licenses, permits and approvals required by any governmental authorities in connection therewith; (ii) deliver to Landlord a statement of the names of all of its contractors and subcontractors (regardless of tier), and the estimated costs of all labor and material to be furnished by them; (iii) furnish to Landlord duplicate original policies or other reasonably satisfactory evidence of the insurance coverages maintained by Tenant in accordance with the requirements of Section 4.2.4 of this Lease; and (iv) cause each contractor to carry (A) workers' compensation insurance in statutory amounts and employer's liability insurance with limits of not less than $500,000.00 per accident covering all the contractor's and subcontractor's employees, (B) commercial general liability insurance, including completed operations coverage, for a period of not less than two (2) years beyond completion of the work that the contractor or subcontractor performs, with such limits as Landlord may reasonably require but in no event less than $5,000,000.00 per occurrence, and (C) automobile liability insurance with such limits as Landlord may reasonably require, but in no event less than $5,000,000.00 combined single limit per accident. All such insurance coverages (i) shall be written by companies duly licensed in the Commonwealth of Massachusetts and approved by Landlord, (ii) shall name Landlord, all Landlord Affiliates requested by Landlord, and Tenant as additional insureds, as their respective interests may appear, as well as their respective contractors and subcontractors, (iii) shall contain a waiver of subrogation provision in favor of Landlord and all such Landlord Affiliates, and (iv) shall provide primary coverage as to any other coverage maintained by any insured other than Tenant. Tenant shall deliver to Landlord certificates of all such insurance prior to the commencement of such Alterations.

(d) Landlord may inspect the Alterations in progress from time-to-time; provided, however, Landlord shall, except in case of emergency, (i) give Tenant reasonable prior notice of such inspections, and (ii) conduct such inspections so as to minimize interference with the construction work of Tenant.

(e) At Landlord's request, promptly after such Alterations are completed, Tenant shall deliver to Landlord a complete set of "as-built" electronic plans for the portions of the Premises affected by such work, prepared using CAD files in AUTO CAD (dwg) format.

(f) Tenant shall pay promptly to Landlord, upon demand, all out-of-pocket costs actually incurred by Landlord in connection with Tenant's Alterations (including the Initial Installations), including, without limitation, all costs incurred in connection with (a) Landlord's review of the Alterations (including review of requests for approval thereof), and (b) the provision of Building personnel during the performance of any Alteration to provide security, to operate elevators or loading docks, or otherwise to facilitate such Alterations. In addition, if Tenant's Alterations (including the Initial Installations) shall cost more than $50,000.00, then Tenant shall pay to Landlord, upon demand, an administrative fee in the amount of five percent (5%) of the total project cost of such Alterations.

(g) Tenant hereby indemnifies and holds harmless Landlord from and against any liabilities and/or obligations for any and all liens or encumbrances recorded or filed against the Property or any part thereof or interest therein arising out of or resulting from the Initial Installations and all other Alterations performed by or on behalf of Tenant under this Lease. Tenant, at its expense, shall procure the discharge of all such liens and encumbrances within ten (10) days after the filing of any such lien or encumbrance against the Premises and/or the Property or any part thereof. If Tenant shall fail to cause any such lien or encumbrance to be discharged within such ten (10) day period, then, in addition to any other right or remedy, Landlord may, but shall not be obligated to, discharge the same either by paying the amount claimed to be due or by deposit or bonding proceedings, and in any such event Landlord shall be entitled, if it elects, to compel the prosecution of an action for the foreclosure of such lien and to pay the amount of the judgment in favor of the lien with interest, costs and allowances. Without limiting the foregoing, any amount so paid by Landlord, and all costs and expenses incurred by Landlord in connection therewith, shall constitute Additional Rent under this Lease and shall be paid by Tenant to Landlord on demand.

6.2.6 Abandonment. Tenant shall not abandon the Premises during the Term.

6.2.7 Signs; Building Directory. Tenant shall not install or place any signs, displays, curtains, blinds, shades, awnings, aerials, or the like, in any areas that may be visible from outside the Premises, excepting only with the prior written approval of the Landlord in each instance. If there is a directory in the lobby of the Building, then Landlord will install the name of Tenant in said lobby directory. Without limiting the foregoing, subject to Landlord's approval and in accordance with the signage standards and specifications adopted by Landlord from time-to-time, Tenant may at its sole cost and expense install identification signage on the entrance doors to the Premises and in the elevator lobby area of the floor on which the Premises are located.

6.2.8 Outside Sales, etc. Tenant shall not (i) solicit sales, place signs, place or maintain any articles in any area of the Property outside of the Premises, or in the lobby areas of the Building or on the sidewalks, corridors or other common areas of the Building, nor (ii) permit the parking of vehicles so as to interfere with the use of any driveway, corridor, footwalk, parking area, street or other common area of the Building.

ARTICLE 7
Casualty or Taking

7.1 Termination. In the event that the Premises, the Building, or any material part thereof, shall be taken by any public authority or for any public use, or shall be substantially destroyed or damaged by fire or other casualty, or by the action of any public authority then, at the election of Landlord, this Lease may be terminated. Such election, which may be made notwithstanding the fact that Landlord's entire interest may have been divested, shall be made by the giving of notice by Landlord to Tenant within sixty (60) days after the date of the taking or casualty. In the event Landlord does not elect to terminate this Lease as aforesaid, then Landlord shall notify Tenant of Landlord's good faith estimate of the time necessary to repair such taking or casualty, and if such time exceeds twelve (12) months from the occurrence thereof, then Tenant may elect to terminate this Lease by giving Landlord notice of such election not later than thirty (30) days after delivery to Tenant of Landlord's good faith estimate. The terms "substantially

destroyed or damaged" or "substantially damaged", as used in this Article VII, shall have reference to damage of such a character as cannot reasonably be expected to be repaired or the Premises restored within two hundred seventy (270) days from the time of such damage.

7.2 Restoration. If Landlord does not elect to terminate this Lease pursuant to Section 7.1, in the event of a taking, fire or other casualty, then this Lease shall continue in force and, if such taking or damage is of or to the Premises, a just proportion of the Rent reserved, according to the nature and extent of the damage sustained by the Premises, shall be suspended or abated until the Premises, or what may remain thereof, shall be put by Landlord in proper condition for use, which Landlord covenants to do with reasonable diligence (subject to delays which result from any cause beyond the reasonable control of Landlord) to the extent permitted by the net proceeds of insurance recovered or damages awarded for such taking, destruction or damage and subject to zoning and building laws or ordinances then in existence. If the net proceeds of insurance recovered or damages awarded be insufficient to cover the cost of restoring the Premises, in the reasonable estimate of the Landlord, then Landlord may elect to, but shall have no obligation to, supply the amount of such insufficiency and restore the Premises with all reasonable diligence or the Landlord may terminate the Lease by giving notice to the Tenant not later than a reasonable time after the Landlord has determined the estimated net proceeds of insurance recovered or damages awarded and the estimated cost of such restoration. In case of damage or destruction, as a result of a risk which is not covered by the Landlord's insurance, the Landlord shall likewise be obligated to rebuild the Premises, all as aforesaid, unless the Landlord, within a reasonable time after the occurrence of such event, gives written notice to the Tenant of the Landlord's election to terminate this Lease. "Net proceeds of insurance recovered or damages awarded" refers to the gross amount of such insurance or damages actually received by Landlord less the reasonable expenses of Landlord incurred in connection with the collection of the same, including without limitation, fees and expenses for legal and appraisal services. If Landlord's restoration work has not been substantially completed within twelve (12) months after the taking or damage, then Tenant shall have the right to terminate this Lease by giving Landlord written notice of its election to do so within thirty (30) days after the end of such twelve (12) month period, and if Tenant timely gives such notice, this Lease shall terminate on the date which is thirty (30) days after the date of the giving of such notice, unless Landlord's restoration work is substantially completed within such thirty (30) day period, in which event such termination notice shall be null and void and this Lease shall continue in full force and effect.

7.3 Award. Irrespective of the form in which recovery may be had by law, all rights to damages or compensation for any taking of the Premises (including, without limitation, any taking of the leasehold interest of Tenant) shall belong to Landlord in all cases. Tenant hereby grants to Landlord all of Tenant's rights to such damages and covenants to deliver such further assignments thereof as Landlord may from time to time request. The Tenant shall be entitled to receive and retain only such amounts as may be specifically awarded to it in any such condemnation proceedings, as a result of the taking of its trade fixtures or furniture and its leasehold improvements to the extent the Landlord's award is not thereby reduced and the Tenant is not otherwise reimbursed for the same by the Landlord.

ARTICLE 8
Defaults

8.1 Events of Default. Each of the following events shall be an "**Event of Default**" under this Lease:

(a) Tenant shall fail to pay when due any payment of Fixed Rent or Additional Rent, and such failure shall continue for five (5) days after notice thereof from Landlord that the same was due and unpaid; provided however, that Landlord shall not be obligated to deliver such written notice more than twice in any twelve-month period and upon the third such occurrence in any twelve (12) month period Tenant shall be in default if it fails to pay when due any payment of Fixed Rent or Additional Rent; or

(b) Tenant shall default in the timely performance or observance of any other term, covenant, or condition contained in this Lease on the Tenant's part to be performed or observed and shall fail, within thirty (30) days after notice from Landlord of such default, to cure such default; or if such default is not reasonably susceptible of cure within thirty (30) days, if Tenant shall fail to commence to cure such default within thirty (30) days after notice of such default from Landlord or shall thereafter fail diligently to prosecute such cure to completion or shall fail to cure such default by not later than ninety (90) days after receipt of such notice from Landlord; or

(c) the estate of Tenant hereby created shall be taken on execution, or by other process of law; or

(d) Tenant commences a voluntary bankruptcy petition under Title 11 of the United States Code (as in effect from time-to-time, the "**Bankruptcy Code**"), or it authorizes, by proceedings of a manager or board of directors, or other governing body the commencement of such a voluntary case; or

(e) Tenant files an answer or other pleading admitting or failing to deny the material allegations of a petition filed against it commencing an involuntary case under the Bankruptcy Code, or if it seeks, consents to or acquiesces in the relief therein provided, or if it fails to controvert timely the material allegations of any such petition; or

(f) there is entered an order for relief in any involuntary case commenced under the Bankruptcy Code; or

(g) Tenant seeks relief as a debtor under any applicable law, other than the Bankruptcy Code, of any jurisdiction relating to the liquidation or reorganization of debtors or to the modification or alteration of the rights of creditors, or by Tenant's consent to or acquiescence in such relief; or

(h) there is entered an order by a court of competent jurisdiction (i) finding Tenant to be bankrupt or insolvent, (ii) ordering or approving Tenant's liquidation, reorganization or any modification or alteration of the rights of its creditors, or (iii) assuming custody of, or appointing a receiver or other custodian for, all or a substantial part of Tenant's property; or

(i) Tenant makes an assignment for the benefit of, or enters into a composition with, its creditors, or appoints or consents to the appointment of a receiver or other custodian for all or a substantial part of its property; or

(j) Tenant rejects this Lease and a court of competent jurisdiction enters an order approving the rejection of the Lease under the Bankruptcy Code, or under any applicable law, other than the Bankruptcy Code, of any jurisdiction relating to the liquidation or reorganization of debtors or to the modification or alteration of the rights of creditors, or by Tenant's consent to or acquiescence in such relief;

Upon the occurrence of any Event of Default, in addition to all other remedies available at law or in equity, Landlord may, to the extent permitted by law, immediately or at any time thereafter and with or without demand or notice to Tenant, enter into and upon the Premises, or any part thereof in the name of the whole, and repossess the same as of Landlord's former estate, and expel Tenant and those claiming by, through or under Tenant and remove its effects without being deemed guilty of any manner of trespass, and without prejudice to any remedies which might otherwise be used for arrears of Rent and preceding breach of covenant, and/or Landlord may terminate this Lease by sending written notice thereof to Tenant and this Lease shall terminate and come to an end on the earlier to occur of (i) entry as aforesaid, or (ii) the fifth (5th) day following the sending of such notice as fully and completely as if such date was the Expiration Date. Tenant will then quit and surrender the Premises to Landlord, but Tenant shall remain liable as herein provided. To the maximum extent permitted by law, Tenant hereby expressly waives any and all rights of redemption granted by or under any present or future laws (including M.G.L. c.186, §11), in the event of Tenant being evicted or dispossessed, or in the event of Landlord obtaining possession of the Premises, by reason of the violation by Tenant of any of the covenants and conditions of this Lease. In the event of any such termination, entry or re-entry, Landlord shall have the right to remove and store Tenant's property and that of all persons claiming by, through or under Tenant, at the sole risk and expense of Tenant, and if Landlord so elects, (x) to sell such property at public auction or private sale and apply the net proceeds to the payment of all sums due to Landlord from Tenant and pay the balance, if any, to Tenant, or (y) to dispose of such property in any manner in which Landlord shall elect, Tenant hereby agreeing to the fullest extent permitted by law that it shall have no right, title or interest in any property remaining in the Premises after such termination, entry or re-entry.

8.2 Remedies. (a) No termination or repossession provided for in Section 8.1 shall relieve Tenant or any guarantor of the liabilities and obligations of Tenant under this Lease, all of which shall survive any such termination or repossession. In the event of any such termination or repossession, Tenant shall pay to Landlord, at Landlord's election, either (i) in advance, on the first day of each month, for what would have been the entire balance of the Term, 1/12th (and a pro rata portion thereof for any fraction of a month) of the annual Fixed Rent, Additional Rent and all other amounts for which Tenant is obligated hereunder, minus, in each case, the actual net receipts by Landlord by reason of any re-letting of the Premises (after deducting Landlord's reasonable expenses in connection with such re-letting, including, without limitation, remodeling costs and costs of preparing the Premises, removal, storage and repair costs and reasonable brokers' and attorneys' fees), or (ii) upon demand and at the option of Landlord at any time thereafter, the present value (computed at a discount rate based upon the Prime Rate) of the amount by which the payments of Fixed Rent and Additional Rent payable for what would have been the entire balance

of the Term would exceed the fair rental value of the Premises for what would have been the entire balance of the Term, determined by Landlord as of such date. If Landlord elects to require Tenant to pay damages in accordance with the immediately preceding sentence, the total amount due shall be computed by assuming that Tenant's Tax Excess and Tenant's Operating Cost Excess would be, for the balance of such unexpired Term, the amount thereof respectively for the Tax Year and calendar year, respectively, in which such termination, entry or re-entry shall occur.

(b) Landlord may elect: (i) to re-let the Premises or any part or parts thereof, for a term or terms which may at Landlord's option be equal to or less than or exceed the period which would otherwise have constituted the balance of the Term and may grant such inducements, allowances, concessions and free rent as Landlord in its sole discretion considers advisable or necessary to re-let the same, and/or (ii) to make such alterations, repairs and decorations to the Premises as Landlord in its sole discretion considers advisable or necessary to re-let the same, and no action of Landlord in accordance with the foregoing or failure to re-let or to collect rent under re-letting shall operate or be construed to release or reduce Tenant's liability as aforesaid. In connection with any such re-letting, Landlord may take into account all relevant factors which would be considered by a sophisticated Landlord in re-letting the Premises, and Tenant hereby waives, to the extent permitted by applicable law, any obligation Landlord may have to mitigate the Tenant's damages.

(c) Nothing contained in this Lease shall limit or prejudice the right of Landlord to prove for and obtain in proceedings for bankruptcy, insolvency or like proceedings by reason of the termination of this Lease, an amount equal to the maximum allowed by any statute or rule of law in effect at the time when, and governing the proceedings in which, the damages are to be proved, whether or not the amount be greater, equal to, or less than the amount of the loss or damages referred to above.

(d) The remedies specified in this Article 8 are not intended to be exclusive of any other rights or remedies which Landlord may, at any time, be lawfully entitled and Landlord may exercise any and all rights and remedies (including, without limitation, specific performance) available at law or in equity as a result of an Event of Default by Tenant.

8.3 Remedies Cumulative. Any and all rights and remedies which Landlord may have under this Lease, and at law and equity, shall be cumulative and shall not be deemed inconsistent with each other, and any two or more of all such rights and remedies may be exercised at the same time insofar as permitted by law.

8.4 Landlord's Right to Cure Defaults. After the expiration of any applicable notice and cure periods and upon reasonable prior notice (except in emergencies), Landlord may, but shall not be obligated to, cure any default by Tenant under this Lease; and whenever Landlord so elects, all costs and expenses incurred by Landlord, including reasonable attorneys' fees, in curing such default shall be paid, as Additional Rent, by Tenant to Landlord on demand, together with interest thereon at the Default Rate from the date of payment by Landlord to the date of payment by Tenant.

8.5 Effect of Waivers of Default. Any consent or permission by Landlord to any act or omission which otherwise would be a breach of any covenant or condition herein, or any waiver by Landlord of the breach of any covenant or condition, shall not in any way be held or construed to operate so as to limit, suspend or impair the continuing obligation of any covenant or condition herein, or otherwise, except as to the specific instance, operate to permit similar acts or omissions.

8.6 No Waiver, etc. The failure of Landlord to complain of any action or omission or to seek redress for violation of, or to insist upon the strict performance of, any covenant or condition of this Lease shall not be deemed a waiver of such violation nor prevent a subsequent act, which would have originally constituted a violation, from having all the force and effect of an original violation. The receipt by Landlord of any payments on account of Rent with knowledge of the breach of any covenant of this Lease shall not be deemed to have been a waiver of such breach by Landlord. No consent or waiver, express or implied, by Landlord or by Tenant to or of any breach of any agreement or duty to the other shall be construed as a waiver or consent to or of any other breach of this Lease.

8.7 No Accord and Satisfaction. No acceptance by Landlord of a lesser sum than the Fixed Rent, Additional Rent or any other charge then due shall be deemed to be other than on account of the earliest installment of such Rent or charge due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as Rent or other charge be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such installment or pursue any other remedy in this Lease provided.

ARTICLE 9
Rights of Mortgagees and Ground Lessors

9.1 Rights of Mortgagees and Ground Lessors.

i. This Lease and all rights of Tenant hereunder, are and shall be subject and subordinate to all mortgages and deeds of trust providing security for a payment performance with respect to the Property (each a "**Mortgage**") and any Superior Lease and all renewals, extensions, modifications and replacements thereof; provided, however, if Landlord enters into any Superior Leases and/or Mortgages after the date hereof, Landlord shall deliver to Tenant an agreement (a "**Non-Disturbance Agreement**") substantially in the form attached hereto as Exhibit H, with respect to the Massport Lease, and Exhibit I, with respect to a Mortgage, or in any other commercially reasonable form containing terms not materially less favorable to Tenant than Exhibits H or I, respectively, to the effect that, subject to the conditions set forth in clauses (a) - (g) of the following paragraph, Tenant's rights under this Lease shall not be disturbed by the holder of such Superior Lease or Mortgage, so long as there shall exist no Event of Default hereunder as referred to in Section 8.1 hereof. This Section shall be self-operative and no further instrument of subordination shall be required. In confirmation of such subordination, Tenant shall promptly execute, acknowledge and deliver any instrument that Landlord, any holder of a Superior Lease or any Mortgage or any of their respective successors in interest may reasonably require to evidence such subordination. The parties acknowledge that (a) Superior Leases as of the date hereof consist of (i) a certain Amended and Restated East Office /Garage Ground Lease (the "**Massport Lease**") between Massachusetts Port Authority ("**Massport**"), as landlord, and 121A Owner, as tenant, dated as of October 31, 2000, and (ii) a certain Amended and Restated East Office Operating

Sublease between 121A Owner, as landlord, and Landlord, as tenant, dated as of October 31, 2000; and (b) that the Mortgage existing as of the date hereof consists of that certain Leasehold Mortgage, Financing Statement and Security Agreement (With Assignment of Rents and Fixture Filing) dated as of November 3, 2011, granted to Pacific Life Insurance Company and recorded with the Suffolk County Registry of Deeds in Book 48609, Page 1.

ii. If any holder of Mortgage or Superior Lease or the nominee or designee thereof, shall succeed to the rights of Landlord under this Lease, whether through possession or foreclosure action or delivery of a new lease or deed, or otherwise, then at the request of such party so succeeding to Landlord's rights (herein called "**Successor Landlord**") and upon such Successor Landlord's written agreement to accept Tenant's attornment, Tenant shall attorn to and recognize such Successor Landlord as Tenant's landlord under this Lease and shall promptly execute and deliver any commercially reasonable instrument that such Successor Landlord may reasonably request to evidence such attornment. Upon such attornment, this Lease shall continue in full force and effect as a direct lease between the Successor Landlord and Tenant upon all of the terms, conditions and covenants as are set forth in this Lease, except that the Successor Landlord (unless formerly the landlord under this Lease or its nominee or designee) shall not be (a) liable in any way to Tenant for any act or omission, neglect or default on the part of Landlord under this Lease, (b) responsible for any monies owing by or on deposit with Landlord to the credit of Tenant, (c) subject to any counterclaim or setoff which theretofore accrued to Tenant against Landlord, (d) bound by any modification of this Lease subsequent to such Superior Lease or Mortgage, or by any previous prepayment of Annual Fixed Rent or Additional Rent for more than 1 month, which was not approved in writing by the holder of a Mortgage or a Superior Lease, (e) liable to the Tenant beyond the Successor Landlord's interest in the Property, (f) responsible for the performance of any work to be done by the Landlord under this Lease to render the Premises ready for occupancy by the Tenant, or (g) required to remove any person occupying the Premises or any part thereof, except if such person claims by, through or under the Successor Landlord.

9.2 Modifications. If any holder of a Mortgage or Superior Lease shall require any modification(s) of this Lease, Tenant shall, at Landlord's request, promptly execute and deliver to Landlord such instruments effecting such modification(s) as Landlord shall require, provided that such modification(s) do not adversely affect in any material respect any of Tenant's rights under, or the Rent payable under, this Lease. In addition, and notwithstanding Section 9.1 to the contrary, Landlord or any holder of a Mortgage or Superior Lease may, at its option, make this Lease superior to any such Mortgage or Superior Lease by giving Tenant ten (10) days prior written notice of such election and no other documentation shall be necessary to effect such change.

ARTICLE 10
Miscellaneous Provisions

10.1 Notices from One Party to the Other. All notices consents, demands, approvals and other communications given under this Lease shall be in writing and addressed as follows: (i) if to the Tenant, at the Original Notice Address of Tenant or such other address as Tenant shall have last designated by notice in writing to Landlord, and; (ii) if to Landlord, at the Original Notice Address of Landlord or such other address as Landlord shall have last designated by notice in writing to Tenant. Any notice shall be sent to such address by registered or certified mail, return receipt requested, postage prepaid, or by nationally recognized courier, charges prepaid, or by hand delivery and shall be effective when received or when delivery is first attempted during regular business hours.

10.2 Quiet Enjoyment. Landlord agrees that upon Tenant's paying the Rent and performing and observing the agreements, conditions and other provisions on its part to be performed and observed, Tenant shall and may peaceably and quietly have, hold and enjoy the Premises during the Term hereof without any manner of hindrance or molestation from Landlord or anyone claiming under Landlord, subject, however, to the terms of this Lease. The foregoing covenant of quiet enjoyment is in lieu of any other covenant, express or implied.

10.3 Lease Not to be Recorded. Tenant agrees not to record this Lease, but each party hereto agrees, on request of the other, to execute a Notice of Lease in recordable form and complying with applicable laws, and in form and content reasonably satisfactory to Landlord and Tenant. In no event shall such document set forth the rental or other charges payable by Tenant under this Lease, and any such document shall expressly state that it is executed pursuant to the provisions contained in this Lease, and is not intended to modify or amend the terms and conditions of this Lease. Tenant is a publicly traded company and, for so long as Tenant remains a publicly traded company, it may be required by applicable Requirements to disclose this Lease in its public filings with the United States Securities and Exchange Commission. To the extent such disclosure is required pursuant to applicable Requirements, then such disclosure shall not violate this Section 10.3.

10.4 Limitation of Landlord's Liability. The term "Landlord" as used in this Lease, so far as covenants or obligations to be performed by Landlord are concerned, shall be limited to mean and include only the owner or owners at the time in question of the Property, and in the event of any transfer or transfers of title to the Property, the Landlord (and in case of any subsequent transfers or conveyances, the then grantor) shall be concurrently freed and relieved from and after the date of such transfer or conveyance, without any further instrument or agreement, of all liability and obligation with respect to the performance of any covenants or obligations on the part of the Landlord contained in this Lease thereafter to be performed, it being intended hereby that the covenants and obligations contained in this Lease on the part of Landlord, shall, subject as aforesaid, be binding on the Landlord, its successors and assigns, only during and with respect to their respective successive periods of ownership of the Property. Tenant, its successors and assigns, shall not assert nor seek to enforce any claim for breach of this Lease against any of Landlord's assets other than Landlord's interest in the Property, and Tenant agrees to look solely to such interests for the satisfaction of any liability or claim against Landlord under this Lease. In no event shall Landlord or any Landlord Affiliates, including, without limitation, any general or limited partner, trustees, beneficiaries, employees, agents, officers, directors, stockholders, managers, or members of Landlord ever be personally liable for any liability or obligation of, Landlord whether under this Lease, or at law or in equity.

10.5 Acts of God. In any case where either party hereto is required to perform any work or take any action, delays caused by or resulting from Acts of God, war, civil commotion, fire, flood or other casualty, labor difficulties, shortages of labor, materials or equipment, government regulations, unusually severe weather, or other causes beyond such party's reasonable control (but financial inability shall never be deemed to be an event beyond either party's reasonable control) (each a "**Force Majeure Event**") shall not be counted in determining the time during which work shall be completed or such action shall be taken, whether such time be designated by a fixed date, a fixed time or a "reasonable time," and such time shall be deemed to be extended by the period of such delay. Nothing contained in this Section 11.5 shall be applicable to, or in any way affect, reduce or abate the obligations of Tenant under this Lease to pay all Rent and other charges when due pursuant to the terms hereof.

10.6 Landlord's Default. Landlord shall not be deemed to be in default in the performance of any of its obligations under this Lease unless it shall fail to perform such obligations and such failure shall continue for a period of thirty (30) days after written notice has been given by Tenant to Landlord specifying the nature of Landlord's alleged default or if such default is not reasonably susceptible to cure within thirty (30) days, if Landlord shall fail to commence to cure such default within thirty (30) days after receipt of such notice of default from Tenant, or shall thereafter fail diligently to prosecute such cure to completion. Notwithstanding any provision contained herein, in no event shall Landlord ever be liable to Tenant, or any person claiming by, through or under Tenant, for any special, indirect, incidental or consequential damages, or for any lost profits. Tenant shall have no right to terminate this Lease as a result of any breach or default by Landlord hereunder, except in the case of a wrongful eviction (constructive or actual) of the Tenant from the Premises by Landlord. In addition, Tenant shall have no right, as a result of any such breach or default, to offset or counterclaim against any Rent due hereunder.

10.7 Brokerage. Tenant warrants and represents that it has dealt with no broker in connection with the consummation of this Lease, other than the Brokers, and in the event of any claims (from a party other than one of the Brokers) for a brokerage commission or finder's fee, of any kind, against Landlord predicated upon prior dealings with Tenant, Tenant agrees to defend the same and indemnify and hold Landlord harmless against any such claim. Landlord warrants and represents that it has dealt with no broker in connection with the consummation of this Lease, other than the Brokers, and in the event of any claims (from a party other than one of the Brokers) for a brokerage commission or finder's fee, of any kind, against Tenant predicated upon prior dealings with Landlord, Landlord agrees to defend the same and indemnify and hold Tenant harmless against any such claim. Landlord shall be responsible for paying the commission due to Brokers in connection with this Lease in accordance with a separate agreement or understanding between them.

10.8 Applicable Law and Construction. This Lease shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts. If any provisions of this Lease shall to any extent be invalid, the remainder of this Lease shall not be affected thereby. There are no oral or written agreements between Landlord and Tenant affecting this Lease. This Lease may be amended, and the provisions hereof may be waived or modified, only by instruments in writing executed by Landlord and Tenant. Unless repugnant to the context, the words "Landlord" and "Tenant" appearing in this Lease shall be construed to mean those named above and their respective heirs, executors, administrators, successors and assigns, and those claiming by, through or under them, respectively. If there be more than one tenant, the obligations imposed by this Lease upon Tenant shall be joint and several.

10.9 Delivery. The submission of drafts of this document for examination and negotiation does not constitute an offer to lease or the acceptance of an offer to lease, or a reservation of or option for, the Premises. This Lease shall not be binding upon Landlord or Tenant unless and until Landlord shall have executed and delivered a fully executed copy of this Lease to Tenant.

10.10 Rent. Notwithstanding anything to the contrary contained in this Lease, all charges and amounts payable by Tenant to or on behalf of Landlord under this Lease, whether or not expressly denominated Fixed Rent, Tax Excess, Operating Costs Excess, Additional Rent or otherwise, shall constitute rent for the purposes of Section 502(b)(6) of the Bankruptcy Code. In addition, notwithstanding anything to the contrary contained in this Lease, all charges and amounts payable by Tenant to or on behalf of Landlord under this Lease (excepting only Fixed Rent), whether or not expressly denominated Additional Rent, including, without limitation, Tax Excess, Operating Costs Excess, electricity charges, utility charges, and other fees and charges, shall be considered to be "Additional Rent" and in the event of non-payment thereof by Tenant Landlord shall have all of the rights and remedies as would accrue for non-payment of Fixed Rent.

10.11 Certain Interpretational Rules. For purposes of this Lease, whenever the words "include", "includes", or "including" are used, they shall be deemed to be followed by the words "without limitation" and, whenever the circumstances or the context requires, the singular shall be construed as the plural, the masculine shall be construed as the feminine and/or the neuter and vice versa. This Lease shall be interpreted and enforced without the aid of any canon, custom or rule of law requiring or suggesting construction against the party drafting or causing the drafting of the provision in question. The captions in this Lease are inserted only as a matter of convenience and for reference only, and in no way define, limit or describe the scope of this Lease or the intent of any provision hereof.

10.12 Parties Bound. The terms, covenants, conditions and agreements contained in this Lease shall bind and inure to the benefit of Landlord and Tenant and, except as otherwise provided in this Lease, to their respective legal representatives, successors, and assigns. Each term and each provision of this Lease to be performed by the Tenant shall be construed to be both a covenant and a condition.

10.13 Counterparts; Electronic Execution. This Lease may be executed in two (2) or more counterparts, each of which shall constitute an original, but all of which, when taken together, shall constitute but one instrument. This Lease may be executed by electronic signature, which shall be considered as an original signature for all purposes and shall have the same force and effect as an original signature. Without limitation, in addition to electronically produced signatures, "electronic signature" shall include faxed versions of an original signature or electronically scanned and transmitted versions (e.g., via PDF) of an original signature. Any executed counterpart of this Lease delivered by PDF or another file sent by email shall be equally effective as an original counterpart for all purposes.

10.14 Survival. All obligations and liabilities of Landlord or Tenant to the other which accrued before the expiration or other termination of this Lease, and all such obligations and liabilities which by their nature or under the circumstances can only be, or by the provisions of this Lease may be, performed after such expiration or other termination, shall survive the expiration or other termination of this Lease. Without limiting the generality of the foregoing, the rights and obligations of the parties with respect to any indemnity under this Lease, and with respect to any Rent and any other amounts payable under this Lease, shall survive the expiration or other termination of this Lease.

10.15 Lease Disputes. Landlord and Tenant agree that all disputes arising, directly or indirectly, out of or relating to this Lease, and all actions to enforce this Lease, shall be dealt with and adjudicated in the state courts of the Commonwealth of Massachusetts or the federal courts located in the Commonwealth of Massachusetts and for that purpose hereby expressly and irrevocably submits itself to the jurisdiction of such courts. Landlord and Tenant agree that so far as is permitted under applicable law, this consent to personal jurisdiction shall be self-operative and no further instrument or action, other than service of process in one of the manners specified in this Lease, or as otherwise permitted by law, shall be necessary in order to confer jurisdiction upon it in any such court. To the extent that Tenant has or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, Tenant irrevocably waives such immunity in respect of its obligations under this Lease.

10.16 Tenant Defaults. If Tenant fails to perform any of its obligations (including the obligation to pay charges and amounts to a service provider when due and the obligations of maintenance and repair) pursuant to this Article 10, and such failure remains uncured for more than thirty (30) days after notice thereof by Landlord to Tenant, then Landlord may elect to perform such obligations (including the payment of any amounts due to a provider of services, or to perform maintenance or repairs), and in such event, Tenant shall reimburse Landlord, as Additional Rent, for all costs and expenses incurred by Landlord in connection therewith, together with a customary administrative fee.

10.17 Service Interruptions. Landlord reserves the right to suspend or interrupt any service when necessary, by reason of Force Majeure Events, accidents or emergencies, or for work which, in Landlord's reasonable judgment, is necessary or appropriate until such Force Majeure Event, accident or emergency shall cease or such work is completed, and Landlord shall not be liable for any such suspension or interruption of services. Landlord shall use commercially reasonable efforts to minimize interference with Tenant's use and occupancy of the Premises as a result of any such suspension or interruption of service. The exercise of any such right or the occurrence of any such failure by Landlord shall not constitute an actual or constructive eviction, in whole or in part, entitle Tenant to any compensation, abatement or diminution of Rent (except as otherwise expressly set forth herein), relieve Tenant from any of its obligations under this Lease, or impose any liability upon Landlord by reason of inconvenience to Tenant, or interruption of Tenant's business, or otherwise. Landlord shall not be liable in any way to Tenant for any failure, defect or interruption of, or change in the supply, character and/or quantity of electric service furnished to the Premises for any reason except only to the extent caused by the negligent acts or willful misconduct of Landlord.

10.18 No Waiver. No act or thing done by Landlord or Landlord's agents or employees during the Term shall be deemed an acceptance of a surrender of the Premises, and no provision of this Lease shall be deemed to have been waived by Landlord, unless such waiver is in writing and is signed by Landlord. Without limitation, the receipt or acceptance by Landlord or Landlord's Agent of the keys to the Premises shall not be deemed an acceptance of a surrender of the Premises or a termination of this Lease. The failure of either party to seek redress for violation of, or to insist upon the strict performance of, any covenant or condition of this Lease, or any of the Rules and Regulations, shall not be construed as a waiver or relinquishment for the future performance

of such obligations of this Lease or the Rules and Regulations, or of the right to exercise such election but the same shall continue and remain in full force and effect with respect to any subsequent breach, act or omission. The receipt by Landlord of any Rent payable pursuant to this Lease or any other sums with knowledge of the breach of any covenant of this Lease shall not be deemed a waiver of such breach. No payment by Tenant or receipt by Landlord of a lesser amount than the monthly Rent herein stipulated shall be deemed to be other than a payment on account of the earliest stipulated Rent, or as Landlord may elect to apply such payment, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as Rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such Rent or pursue any other remedy provided in this Lease.

ARTICLE 11
Letter of Credit

11.1 Letter of Credit. Concurrent with Tenant's execution and delivery of this Lease, Tenant shall deliver to Landlord an irrevocable and unconditional standby letter of credit (the "**Original Letter of Credit**") which shall be: (i) in form and substance reasonably satisfactory to Landlord, (ii) issued by a bank (the "**Bank**") reasonably satisfactory to Landlord upon which presentment may be made in Boston, Massachusetts, (iii) in an amount equal to the Letter of Credit Amount, (iv) for a term of not less than one (1) year, (v) permit multiple drawings, (vi) be freely and fully transferable by Landlord without payment of any fees or charges by Landlord, and (viii) otherwise in form and content satisfactory to Landlord. The Original Letter of Credit, any Additional Letters(s) of Credit, and any Substitute Letter(s) of Credit are referred to herein collectively as the "**Letter of Credit**." The Letter of Credit shall be held by Landlord as security for the performance by Tenant of its obligations under this Lease. The Letter of Credit is not an advance payment of Rent or a limitation upon the liability of Tenant hereunder. Landlord hereby approves Silicon Valley Bank as the Bank and the form of Letter of Credit attached hereto as Exhibit J.

11.2 Renewal of Letter of Credit. Each Letter of Credit shall be automatically renewable for consecutive periods of one (1) year; provided however, if the issuer of such Letter of Credit gives notice of its election not to renew such Letter of Credit, then Tenant shall deliver to Landlord a new letter of credit (a "**Substitute Letter of Credit**") satisfying the requirements of the Original Letter of Credit under Section 11.1 on or before the date thirty (30) days prior to the expiration of the term of the Letter of Credit then in effect. If Tenant fails timely to deliver to Landlord a Substitute Letter of Credit in accordance with the foregoing provisions, then Landlord shall have the right, at any time thereafter, without giving any further notice to Tenant, to draw down the Letter of Credit and to hold the proceeds thereof in a segregated account in the name of Landlord, which proceeds may be withdrawn and applied by Landlord under the same circumstances and for the same purposes as if such proceeds were a Letter of Credit. Upon any such application of such proceeds by Landlord, Tenant shall, within thirty (30) days of written demand therefor, deliver to Landlord an Additional Letter of Credit in the amount of proceeds so applied.

11.3 Draws to Cure Defaults. Upon an Event of Default by Tenant under this Lease beyond the expiration of any applicable grace period, then without prejudice to or limiting any other rights or remedies of Landlord, Landlord shall have the right, at any time thereafter, to draw down from the Letter of Credit the amount necessary to cure such default. In the event of any such draw by the Landlord, within thirty (30) days of written demand therefor, Tenant shall deliver to Landlord an additional Letter of Credit ("**Additional Letter of Credit**") satisfying the requirements for the Original Letter of Credit set forth in Section 11.1, except that the amount of such Additional Letter of Credit shall be the amount of such draw.

11.4 Draws to Pay Damages. In addition, if (i) this Lease shall have been terminated as a result of Tenant's default under this Lease beyond the expiration of the applicable cure period, and/or (ii) this Lease shall have been rejected in a bankruptcy or other similar proceeding, then Landlord shall have the right at any time thereafter to draw down from the Letter of Credit an amount sufficient to pay any and all damages payable by Tenant on account of such termination or rejection, as the case may be, pursuant to Article 8 hereof.

11.5 Return of Letter of Credit at End of Term. Within thirty (30) days after the expiration of the Term, to the extent Landlord has not previously drawn upon any Letter of Credit held by Landlord, Landlord shall return the same to Tenant provided that Tenant is not then in default of any of its obligations under this Lease after delivery of any required notice and the expiration of any applicable cure period.

ARTICLE 12
Patriot Act

12.1 Patriot Act. As an inducement to Landlord to enter into this Lease, Tenant hereby represents and warrants that: (i) Tenant is not, nor is it owned or controlled directly or indirectly by, any person, group, entity or nation named on any list issued by the Office of Foreign Assets Control of the United States Department of the Treasury pursuant to Executive Order 13224 or any similar list or any law, order, rule or regulation or any Executive Order of the President of the United States as a terrorist, "**Specially Designated National and Blocked Person**" or other banned or blocked person (any such person, group, entity or nation being hereinafter referred to as a "**Prohibited Person**"); (ii) Tenant is not (nor is it owned, controlled, directly or indirectly, by any person, group, entity or nation which is) acting directly or indirectly for or on behalf of any Prohibited Person; and (iii) neither Tenant (nor any person, group, entity or nation which owns or controls Tenant, directly or indirectly) has conducted or will conduct business or has engaged or will engage in any transaction or dealing with any Prohibited Person, including any assignment of this Lease or any subletting or all or any portion of the Premises or the making or receiving of any contribution or funds, goods or services to or for the benefit of a Prohibited Person. In connection with the foregoing, it is expressly understood and agreed that (x) any breach by Tenant of the foregoing representations and warranties shall be an Event of Default by Tenant, and (y) the representations and warranties contained in this Article 12 shall be continuing in nature and shall survive the expiration or earlier termination of this Lease.

(signatures on the next page)

WITNESS the execution hereof on the day and year first above written.

Landlord:

EAST OFFICE OPERATING LIMITED PARTNERSHIP

By: Commonwealth Flats Development East Corp., its general partner

By: /s/ John Clark
Name: John Clark
Title: VP

Tenant:

KURA ONCOLOGY, INC.
A Delaware corporation

By: /s/ Marc Grasso, M.D.
Name: Marc Grasso, M.D.
Title: CFO and CBO

EXHIBIT A

LEGAL DESCRIPTION

The land, together with all buildings and improvements thereon, shown as Parcel B-2 on a plan of land entitled "ALTA/ACSM Land Title Survey prepared for Commonwealth Flats Development L.P. World Trade Center Boston-East Office Building and Park South Boston, Massachusetts" dated May 27, 1998, prepared by Cullinan Engineering and recorded with the Suffolk County Registry of Deeds ("Suffolk Deeds") in Book 23335, Page 76 (the "Plan") and more particularly described in accordance with said Plan as follows:

Beginning at a point on the southerly side of Northern Avenue at the northwesterly corner of Parcel B-2;

Thence by the southerly side of Northern Avenue, S61° 19' 13"E, 160.00 feet;

Thence by the westerly side of Parcel D, S28° 40' 47"W, 389.00 feet;

Thence by New Congress Street, N61° 19' 13"W, 160.00 feet;

Thence by the easterly side of Seaport Lane, N28° 40' 47"E, 389.00 feet to be point and place of beginning

Containing, according to said Plan, 62,240 square feet of land, more or less.

Description of Parcel D

The land, together with all buildings and improvements thereon, shown as Parcel D on the Plan and more particularly described in accordance with said Plan as follows:

Beginning at a point of the southerly side of Northern Avenue, at the northeasterly corner of Parcel B-2;

Thence by the southerly side of Northern Avenue, S61° 19' 13"E, 150.01 feet;

Thence by the westerly side of D Street, S28° 40' 47"W, 389.00 feet;

Thence by New Congress Street, N61° 19'13", 150.01 feet;

Thence by the easterly side of Parcel B-2, N 28° 40' 47"E, 389.00 feet to the point and place of beginning.

Containing, according to said Plan, 58,359 square feet of land, more or less.

EXHIBIT B

FLOOR PLAN SHOWING THE PREMISES

EXHIBIT C

COMMENCEMENT DATE AGREEMENT

EAST OFFICE OPERATING LIMITED PARTNERSHIP ("Landlord") and _____ ("Tenant") are parties to a lease ("Lease") dated _____ of premises in a building known as Seaport East, Two Seaport Lane, Boston, Massachusetts. Landlord and Tenant hereby acknowledge and agree that the term of the Lease commenced on _____ and will expire on _____ unless extended pursuant to provisions set forth in the Lease.

Executed under seal this ____ day of _____, 202_.

Landlord:

EAST OFFICE OPERATING LIMITED PARTNERSHIP

By: Commonwealth Flats Development East Corp., its general partner

By: _____
Name:
Title:

Tenant:

[_____]
a [_____]

By: _____
Name:
Title:

EXHIBIT D

CLEANING SPECIFICATIONS

I. Interior Tenant Areas

Nightly Monday through Friday, excluding holidays

1. Dust mop all stone, ceramic tile, terrazzo and other type of un-waxed flooring.

2. Dust mop all vinyl, asphalt, rubber and similar types of flooring. Remove gum and other substances, spot mop if necessary.

3. Vacuum all carpeted areas.

4. Dust mop all private and public stairways and vacuum if carpeted.

5. Hand dust and wipe clean all horizontal surfaces including furniture, file cabinets, fixtures, and windowsills, using chemically treated dust cloth.

6. Dust and sanitize all telephones using disinfectant solution. Care is to be taken NOT to depress buttons thus altering phone programs, i.e., call forwarding.

7. Remove fingerprints from all painted surfaces near light switches, entrance doors, drinking fountains, etc.

8. Remove all gum and foreign matter on sight.

9. Empty and clean all waste receptacles and remove waste materials to compactors. Replace liners as necessary.

10. Damp wash interiors of all waste disposal receptacles and wash as necessary.

11. Clean and sanitize all water fountains, and water coolers with a disinfectant solution. Wash all sinks and the floors adjacent to them on a nightly basis.

12. Spot mop floors for spills, etc.

13. Clean all low ledges, shelves, bookcases, chair rails, trim, pictures, charts etc. within reach.

14. Clean mirrors, metal work, glass tabletops.

15. Upon completion of work, all slop sinks are to be thoroughly cleaned and all cleaning equipment and supplies stored neatly in locations designated by the Management of the building.

16. All cleaning operations shall be scheduled so that a minimum of lights are to be left on at any time. Upon completion of cleaning all lights are to be turned off. All entrance doors are to be kept locked during the cleaning operation.

17. Spot clean both sides of tenant entry glass doors.

18. Spot clean desk tops and counter tops.

19. Pick up all recyclable material and take to appropriate place.

Weekly

1. Hand dust all door louvers and other ventilating louvers within reach.

2. Dust all baseboards.

3. In high traffic areas, damp mop if necessary and apply spray-buffing solution in a fine mist and buff with a synthetic pad.

4. Damp mop all non-carpeted and public stairways.

5. Wipe clean all bright work.

6. Dust all chair rails.

7. Dust walls up to normal reach.

Monthly

1. Hose vacuum underneath all furniture.

2. Dust all vertical surfaces such as walls, furniture, partitions and surfaces not reached in nightly cleaning.

3. Dust exterior of lighting fixtures.

Quarterly

1. Wash all baseboards.

2. Dust all exterior window blinds

3. Dust and/or clean all diffusers

Other

1. Cleaning of computer rooms will be responsibility of individual tenants.

2. Coffee stations and dishware are responsibility of the tenant.

II. Public Corridors, Stairwells (Emergency Egress), Service Areas

Nightly

1. Vacuum and spot clean carpeting.
2. Sweep and mop public concrete floors.
3. Sweep and mop public stairwells and landings.
4. Clean baseboards of scuffs and marks.
5. Empty and clean ashtrays and sand urns.
6. Clean all directories, signage kiosks, wall signage and electric kiosks.
7. Clean corridor glass and metal work.
8. Spot clean walls, ceilings, lights, etc.
9. Clean telephones and telephone booth areas.
10. Clean and sanitize all public water fountains. Dust all handrails.
11. Dust to hand height all horizontal surfaces of equipment ledge, sill, shelves, radiators, frames, partitions, handrails, etc.
12. Damp wipe all public granite seating areas and surrounding granite treatments.
13. Clean exterior surfaces of all trash containers and planters.
14. Keep slop sinks, closets, supply rooms and other janitorial areas in a clean orderly condition.
15. Keep electrical and telephone closets clean and free of storage.
16. Replace burned out light bulbs.

Weekly

1. Clean all door vents.
2. Dust all vertical surfaces within reach.
3. Sweep emergency egress stairs and landings.

Monthly

1. Wash all corridor glass and metal completely including atriums.

2. Shampoo heavily traveled carpeted areas.

Quarterly

1. Clean handrails, wall mounted equipment casings, landings, walls, kick plates in emergency egresses.

2. Shampoo and extract all carpeting.

3. Damp clean inside reflectors of high hat lighting fixtures.

Semi-Annually

1. Vacuum soffits containing fluorescent fixtures in atrium areas.

2. Wash windows, ledges, plants and light bulbs on inside of both atriums.

III. Restrooms

Building Operating Hours

Day porters and matrons will be assigned to perform the following:

1. Empty trash containers and insert new liners.

2. Sweep and spot wash floors as necessary.

3. Spot clean sinks and mirrors. Clean and spot polish shelves and metal dispensers. Check for Graffiti and spot clean if necessary.

4. Ensure cleanliness of urinals and toilets.

5. Refill all dispenser units as needed.

Non-Operating Hours

1. Damp wash, sanitize (using disinfectant solution) and polish all fixtures including toilet bowls, urinals and wash basins.

2. Sweep and wash floors with approved germicidal solution.

3. Wash and polish mirrors, powder shelves, dispensers, hand dryers, bright work including flushometers, piping and toilet seat hinges.

4. Clean and sanitize both sides of toilet seats.

5. Empty all containers and disposal units and insert new liners.

6. Wash and sanitize interiors and exteriors of all containers prior to inserting new liners.

7. Empty, clean and sanitize all sanitary napkin disposal units.

8. Dust and spot wash where necessary partitions, tile walls, dispensers, ceiling lights, switches and receptacles.

9. Refill all dispensers to normal limits including sanitary supplies, soap, tissue, towels, etc.

10. Remove all rubbish and transport to compactor.

11. Dust ceiling door vents and doorframes.

Periodic

Monthly

1. Machine scrub all tile floors, hand brush corners and hand brush toilet edges with approved germicidal detergent solution.

2. Wash completely all partitions, tile walls and enamel surfaces.

IV. Window Cleaning

Periodic

External windows will be washed and cleaned a minimum of three times per year. Internal windows will be washed and cleaned a minimum of two times per year.

EXHIBIT E

RULES AND REGULATIONS

1. The sidewalks, entrances, passages, corridors, vestibules, halls, elevators, or stairways in or about the Building shall not be obstructed by Tenant.

2. Tenant shall not place objects against glass partitions, doors or windows which would be unsightly from the Building corridor or from the exterior of the Building. All doors opening to public corridors shall be kept closed at all times except for normal ingress and egress to the Premises.

3. Tenant shall not waste electricity or water in the Premises and shall cooperate fully with Landlord to assure the most effective operation of the Building heating and air conditioning systems. All regulating and adjusting of heating and air-conditioning apparatus shall be done by the Landlord's agents or employees. Tenant shall not use or keep in or on the Premises or the Building any kerosene, gasoline or other inflammable or combustible fluid or materials.

4. Tenant shall not use the Premises so as to cause any increase above normal insurance premiums on the Building.

5. No bicycles, vehicles, or animals (except guide dogs for the disabled) of any kind shall be brought into or kept in or about the Premises. Any bicycles brought into the Building shall enter through the loading dock area and stored in the basement of the Building. No space in the Building shall be used for manufacturing or for the sale of merchandise of any kind at auction or for storage thereof preliminary to such sale.

6. Tenant shall cooperate with Landlord in minimizing loss and risk thereof from fire and associated perils.

7. The water and wash closets and other plumbing fixtures shall not be used for any purposes other than those for which they were designed and constructed and no sweepings, rubbish, rags, acid or like substance shall be deposited therein. All damages resulting from any misuse of the fixtures shall be borne by the Tenant.

8. Landlord may from time to time adopt appropriate systems and procedures for the security or safety of the Building, any persons occupying, using, or entering the Building, or any equipment, finishings, or contents of the Building, and Tenant will comply with Landlord's reasonable requirements relative to such systems and procedures.

9. No cooking will be done or permitted by Tenant within the Premises, except in areas of the Premises which are specifically constructed for cooking and except that use by the tenant of microwave ovens and Underwriters' Laboratory approved equipment for brewing coffee, tea, hot chocolate, and similar beverages will be permitted, provided that such use is in accordance with all applicable federal, state, and city laws, codes, ordinances, rules, and regulations.

10. The elevator designated for freight by Landlord will be available for use by all tenants in the Building during the hours and pursuant to such procedures as Landlord may determine from time to time. The persons employed to move Tenant's equipment, material, furniture, or other property in or out of the Building must be acceptable to Landlord. All moving operations will be conducted at such times and in such a manner as Landlord will direct, and all moving will take place during non-Business Hours unless Landlord agrees in writing otherwise.

11. All deliveries to, and removals from the building of furniture, equipment and supplies, shall be by way of the Building loading dock.

12. All incoming and outgoing shipments must be moved directly, by the delivery or pick-up agent from the delivery entrance; such shipments will not be held at the delivery entrance. Building operating personnel are not authorized to sign receipt for shipments to or from the Building.

13. No hand truck, pallet truck or other type of wheeled transport shall be used in the lobbies, corridors or elevators of the Building.

14. Any damage to the Building or any part thereof caused by the moving in or out of the Building of furniture, equipment, supplies, or other items, shall be repaired by the Landlord at the expense of the responsible Tenant.

15. The property management office reserves the right to control and operate the public portions of the Building and the public facilities, as well as the facilities furnished for the common use for the Tenant, in such manner, as they deem in the best interest of the tenants.

16. No additional locks or bolts of any kind shall be placed upon any of the doors in any Tenant's premises, and no lock on any door therein shall be changed or altered in any respect without property management approval.

17. Building security will provide access to building electric closets only. Tenant will be required to notify the Property Management Office should a vendor require access to the electric closets.

18. Tenant acknowledges that the Building has been designated a non-smoking building. At no time shall Tenant permit its agents, employees, contractors, guests or invitees to smoke in the Building. Landlord has designated specified smoking areas in the exterior areas near the Building.

19. Landlord reserves the right, upon written notice to Tenant, at any time and from time-to-time to rescind, alter or waive any rule or regulation at any time prescribed for the Building, and to impose additional reasonable rules and regulations when in its judgment deems it necessary, desirable or proper for its best interest and for the best interest of the tenants. No alteration or waiver of any rule or regulation in favor of one tenant shall operate as an alteration or waiver in favor of any other tenant. Landlord shall not be responsible to any tenant for the nonobservance or violation by any other tenant of any rules or regulations at any time prescribed for the Building or any part thereof.

EXHIBIT F

TENANT ESTOPPEL CERTIFICATE

Landlord: East Office Operating Limited Partnership

Tenant:

Tenant Trade Name:

Lender: Pacific Life Insurance Company and its successors and assigns

Premises:

Area: _____ Sq. Ft. Lease Date: _____

The undersigned Tenant of the above-referenced lease (the "Lease") hereby ratifies the Lease and certifies to Lender as mortgagee of the Real Property of which the premises demised under the Lease (the "Premises") is a part, as follows:

1. That the term of the Lease commenced on _____, 20__ and Tenant is in possession of the premises demised under the Lease and has commenced occupancy and use of the Premises, such possession having been delivered by the original landlord and having been accepted by the Tenant.

2. That the Lease calls for monthly rent installments of $_____ to date and that Tenant is paying monthly installments of rent of $_____ which commenced to accrue on the _____ day of _____, 20__.

3. That no advance rental or other payment has been made in connection with the Lease, except rental for the current month and estimated payments of escalation charges to be reconciled at year end, there is no "free rent" or other concession under the remaining term of the Lease and the rent has been paid to and including _____, 20__.

4. That a security deposit in the amount of $_____ is being held by Landlord, which amount is not subject to any set-off or reduction or to any increase for interest or other credit due to Tenant.

5. That, to Tenant's knowledge, all obligations and conditions under said Lease to be performed to date by Landlord or Tenant have been satisfied, free of defenses and set-offs including all construction work in the Premises, and that Landlord is not required to make any further tenant improvements or pay any further reimbursements to Tenant for tenant improvements or any other matter pursuant to the Lease.

6. That a true, correct and complete copy of Lease is attached hereto and is and in full force and effect and represents the entire agreement between the parties; that to Tenant's knowledge, there is no existing default on the part of Landlord or Tenant in any of the terms and conditions thereof and no event has occurred which, with the passing of time or giving of notice or both, would constitute an event of default; and that said Lease has: (initial one)

( ) not been amended, modified, supplemented, extended, renewed, subleased, or assigned.

( ) been amended, modified, supplemented, extended, renewed, subleased, or assigned as follows by the following described agreements:

_____

_____

_____

7. That the Lease provides for a primary term of _____ months; the term of the Lease expires on the ____ day of _____, 20__; and that:

(initial all applicable subparagraphs)

( ) neither the Lease nor any of the documents listed above in Paragraph 6 (if any), contain an option for any additional term or terms or an option to terminate the Lease prior to the expiration date set forth above.

( ) the Lease and/or the documents listed above in Paragraph 6 contain an option for _____ additional term(s) of _____ year(s) and _____ month(s) (each) at a rent to be determined as follows:

_____

_____

_____

( ) the Lease and/or the documents listed above in Paragraph 6 contain an option to terminate the Lease prior to the date set forth above as follows:

_____

_____

_____

8. That Landlord has not rebated, reduced or waived any amounts due from Tenant under the Lease, either orally or in writing, nor has Landlord provided financing for, made loans or advances to, or invested in the business of Tenant.

9. That Tenant has no option or right in the nature of a right of first refusal or right of first offer to purchase or otherwise acquire all or any portion of the Premises.

10. That there are no actions, voluntary or involuntary, pending against the Tenant under the bankruptcy laws of the United States or any state thereof.

11. That this certification is made knowing that Lender is relying upon the representations herein made.

Tenant:

By: _____
Name:
Title:

Attest: _____
Name:
Title:

Date: _____, 201_

Borrower's Initial _____
Lender's Initial _____

EXHIBIT G

NONDISCRIMINATION AND AFFIRMATIVE ACTION COVENANTS

With respect to the exercise of all rights and privileges granted under this Lease, Tenant agrees that Tenant, its successors in interest, subtenants, and assigns shall:

(a) not discriminate against any person, employee, or applicant for employment because of race, color or religion, national origin, age, sex, sexual orientation, disability, or Vietnam era veteran status in the use of the Premises, including the hiring and discharging of employees, the provision or use of services, and the selection of suppliers and contractors;

(b) conspicuously post notices to employees and prospective employees setting forth the Fair Employee Practices Law of the Commonwealth of Massachusetts; and

(c) comply with all applicable federal and state laws, rules and regulations and orders and Massport rules and orders (provided copies of such Massport rules and orders have been provided to Tenant) pertaining to Civil Rights and Equal Opportunity.

Non-compliance by Tenant, its successors in interest, subtenants, or assigns with the foregoing (beyond any cure period set forth in the Lease) shall constitute a material breach of this Lease. Tenant shall indemnify and hold harmless Landlord and Massport from any claims and demands of third persons resulting from non-compliance therewith. The provisions of this Exhibit G shall survive the expiration or any early termination or cancellation of this Lease with respect to the period ending on such expiration or earlier termination.

EXHIBIT H

FORM OF NON-DISTURBANCE AGREEMENT FOR SUPERIOR LEASES

[NOTE: DRAFT – SUBJECT TO APPROVAL BY GROUND LANDLORD OF SUBLEASE]

SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

Date: _____

Ground Landlord:

Massachusetts Port Authority
One Harborside Drive, Suite 200S
East Boston, Massachusetts 02128-2909
Attention: General Counsel

Ground Tenant:

Commonwealth Flats Development 121A
East Limited Partnership
c/o Pembroke Real Estate LLC
255 State Street
Boston, Massachusetts 02109
Attn: Asset Management

Operating Subtenant:

East Office Operating Limited Partnership
c/o Pembroke Real Estate LLC
255 State Street
Boston, Massachusetts 02109
Attn: Asset Management
Subtenant:

[Name and Address]

Ground Lease:

Dated as of July 13, 1998, between Ground Landlord, and Ground Tenant, notice of which is recorded with the Suffolk County Registry of Deeds (the "Registry of Deeds") at Book 23335, Page 76.

Operating Sublease:

Dated as of July 13, 1998, between Ground Tenant, and Operating Subtenant, notice of which is recorded with the Registry of Deeds at Book 23335, Page 99.

Sublease:

Dated as of _____, between Operating Subtenant and Subtenant[, notice of which is recorded with the Registry of Deeds at Book ____, Page ____].

Premises:

(i) A parcel consisting of the land known as Parcel B-2, being part of the Commonwealth Flats on Northern Avenue in the South Boston District of Boston, Massachusetts, together with the Office and other improvements constructed or to be constructed thereon, all as more particularly described in the Ground Lease, and (ii) Parcel D. (This and other capitalized terms in this Agreement, not otherwise defined, shall have the same meanings as assigned in the Ground Lease.)

Subleased Premises:

The portion of the Premises demised to the Subtenant in the Sublease.

Ground Landlord is owner of the Premises which are subject to the Ground Lease and the Operating Sublease (each, an "Overlease," and, collectively, the "Overleases").

Operating Subtenant and Subtenant have entered into, or are about to enter into, the Sublease, a copy of which is attached as Exhibit A (provided that a copy of the Sublease shall not be attached to any counterpart of this Agreement to be recorded at the Registry of Deeds).

In consideration of the agreements contained herein, the parties agree as follows:

1. Subordination

Subtenant confirms and agrees that the Sublease and any extensions, renewals, amendments, modifications, consolidations, replacements and expansions thereof, and all right, title and interest of Subtenant thereunder in and to the Subleased Premises, are and shall be subject and subordinate to the Overleases and to all the terms and conditions contained therein, and to all extensions, renewals, amendments, modifications, consolidations, replacements and expansions thereof as though each such extension renewal, amendment, modification, consolidation, replacement and expansion were executed, delivered and notice thereof recorded before the execution of the Sublease. Without limiting the foregoing and notwithstanding any other term or provision of this Agreement, Subtenant's rights with respect to proceeds of insurance and eminent domain awards are expressly made subject and subordinate to the terms of the Ground Lease, and the disposition of such proceeds shall be governed by the Ground Lease in all respects.

2. Non-Disturbance

Ground Landlord consents to the execution and delivery of the Sublease in the form attached as Exhibit A.

[Sublease has not yet been reviewed or approved by Ground Landlord.]

Provided that the Sublease is then in full force and effect, Ground Landlord agrees that, in the event of a termination of any Overlease or the exercise by Ground Landlord of any of its rights thereunder to take possession of and to operate the Premises, Ground Landlord shall not disturb Subtenant's right of possession of the Subleased Premises under the terms of the Sublease so long as Subtenant is not in default beyond any applicable grace period of any term, covenant or condition of the Sublease.

The rights under this paragraph shall inure to the benefit of only the Subtenant named herein and shall not pass to any assignee of the Sublease or any other party.

3. Attornment

A. Subtenant agrees that, in the event of a termination of the Overleases or the exercise by Ground Landlord of any of its rights thereunder to take possession of and to operate the Premises, Subtenant will attorn to and recognize Ground Landlord as its sublandlord under the Sublease for the remainder of the term thereof (including all extension periods which have been or are hereafter exercised) upon the same terms and conditions as are set forth in the Sublease, and Subtenant hereby agrees to pay and perform all of the obligations of Subtenant pursuant to the Sublease.

B. Subtenant agrees that, in the event Ground Landlord succeeds to the position of sublandlord under the Sublease, Ground Landlord shall not be:

1. liable for any act or omission of any prior sublandlord (including, without limitation, Ground Tenant or Operating Subtenant), or for any fact, circumstance or condition existing prior to Ground Landlord's succession in interest;

2. liable for the return of any security deposit unless Ground Landlord is holding the same;

3. bound by any rent or Additional Rent which Subtenant may have prepaid for more than the current month under the Sublease;

4. bound by any amendments or modifications of the Sublease, or any consent or approval thereunder, made without the prior written consent of Ground Landlord;

5. subject to any offsets, claims or defenses which Subtenant might have against any prior sublandlord (including, without limitation, Ground Tenant or Operating Subtenant);

6. bound by any agreement in the Sublease or otherwise required to construct, complete or deliver the Subleased Premises, the Office, the Garage, the D Street Open Space or the Premises or any portion thereof or any improvement thereof or to indemnify Subtenant for any loss resulting from a failure to timely deliver the Subleased Premises;

7. bound by any agreement in the Sublease or otherwise required to repair or restore the Subleased Premises, the Office, the Garage, the D Street Open Space or the Premises or any portion thereof after casualty or condemnation, or to make any payments to anyone for or on account of or in connection with any of the foregoing;

8. liable for or incur any obligations with respect to any breach of warranties or representations of any nature under the Sublease or otherwise including, without limitation, any warranties or representations regarding use, compliance with or applicability of zoning, title, authority or possession; or

9. liable for consequential damages.

Ground Landlord will have the same remedies for the nonperformance of any agreement contained in the Sublease which Ground Tenant or Operating Subtenant had or would have had if the Overleases had not been terminated.

4. Notice and Cure

Subtenant agrees to give Ground Landlord a copy of any notice of default under the Sublease served upon Operating Subtenant, at the same time as such notice is given to Operating Subtenant. Subtenant further agrees that if Operating Subtenant shall have failed to cure such default then Ground Landlord (provided Ground Landlord is not acting in the capacity as Operating Subtenant) shall have an additional sixty (60) days beyond the time period set forth in the Sublease for the curing of defaults within which to cure such default, or, if no such cure period is set forth in the Sublease, shall have sixty (60) days from date notice is first given to Operating Subtenant to cure such default.

5. Further Assurances

The subordination provisions hereof are effective upon execution hereof and, except as provided in the last sentence of this Paragraph V, the non-disturbance and attornment provisions hereof shall operate immediately upon Ground Landlord succeeding to the position of sublandlord as aforesaid provided that the Sublease is then in full force and effect and Subtenant is not then in default beyond any applicable grace period of any term, covenant or condition of the Sublease, in either event without execution of any further instrument. Operating Subtenant and Subtenant agree, however, to execute and deliver from time to time such further documentation as either party deems necessary or appropriate to evidence their agreement hereunder. Notwithstanding the foregoing, the non-disturbance and attornment provisions hereof shall not become effective until Certificates of Occupancy have been issued for the Office and Garage in accordance with the requirements of the Ground Lease.

6. Modification of Sublease

Neither Subtenant nor its successors or assigns shall enter into any agreement which shall amend or modify the Sublease or to surrender, merge, terminate or cancel the Sublease absent a default thereunder, without the prior written consent of Ground Landlord. Any agreement made in contravention of this paragraph shall be void and of no force or effect as to Ground Landlord.

7. Options

With respect to any options or rights of first refusal for additional space provided to Subtenant under the Sublease, Ground Landlord agrees to recognize the same if Subtenant is entitled thereto under the Sublease after the date on which Ground Landlord succeeds to the interest of sublandlord under the Sublease; provided that Ground Landlord shall not be liable in damages to Subtenant or any other subtenant of the Premises or responsible for any acts of any prior sublandlord (including, without limitation, Ground Tenant or Operating Subtenant) or the acts of any other party (whether or not consented to by Ground Landlord), which prevents Ground Landlord from complying with the provisions hereof and Subtenant shall have no right to make any such claims against Ground Landlord's interest in the Premises or the rents, income, receipts, revenues, issues or profits issuing from the Premises, on account thereof.

8. Successors and Assigns

The term "Ground Landlord" as used in this Agreement means only the owner (or the owner's nominee) for the time being of the fee title to the Premises. In the event of any sale or other transfer of an interest in the Premises, the Ground Landlord named herein shall be and hereby is entirely relieved of all covenants and obligations of the Ground Landlord hereunder.

Except as otherwise provided, this Agreement is binding upon and shall inure to the benefit of the parties hereto and their heirs, successors, personal representatives, and assigns.

9. Non-Recourse

Subtenant agrees that execution by Ground Landlord of this Agreement and execution of the Ground Lease by Ground Landlord does not constitute an assumption by Ground Landlord of any obligations or liabilities under the Sublease, and that Ground Landlord is not bound to perform Operating Subtenant's obligations under the Sublease unless and until Ground Landlord succeeds to Operating Subtenant's position under the Sublease as set forth above, it being understood that Ground Landlord cannot be bound by any act or omission of Operating Subtenant, its successors or assigns. Subtenant further agrees that, in the event Ground Landlord succeeds to Operating Subtenant's position under the Sublease as aforesaid, Ground Landlord's liability under the Sublease shall be enforceable only out of Ground Landlord's interest in the Office; and there shall be no other recourse against, or right to seek a deficiency judgment against, Ground Landlord or any other assets of Ground Landlord, nor shall there be any personal liability on the part of any member of its board of directors or any officer or employee of Ground Landlord, with respect to any obligations to be performed under the Sublease.

10. Validity of Provisions

The invalidity of any provision of this Agreement shall in no way affect the validity of any other provision.

11. Governing Law

This Agreement shall be interpreted in accordance with and governed by the laws of The Commonwealth of Massachusetts.

12. Jurisdiction

The parties submit to personal jurisdiction in The Commonwealth of Massachusetts and waive any and all personal rights to object to such jurisdiction. The parties agree service of process may be made and personal jurisdiction obtained by serving them at the addresses stated on the first page hereof (and, with respect to the Subtenant, after the term commencement date of the Sublease, at the Sublease Premises).

13. Notices

All notices given hereunder shall be in writing and shall be deemed received at the earlier of when delivered in hand or seventy two (72) hours after the same have been deposited in the United States mails, postage prepaid, certified or registered mail, return receipt requested, addressed to any party at its address appearing on the first page hereof (and, with respect to the Subtenant, after the term commencement date of the Sublease, at the Sublease Premises), or to such other address or addresses as the parties may from time to time specify by notice so given.

14. Changes in Writing

This Agreement may not be changed, waived, or terminated except in a writing signed by the party against whom enforcement of the change, waiver, or termination is sought.

Executed under seal as of the date first written above.

GROUND LANDLORD: MASSACHUSETTS PORT AUTHORITY

By: _____
Its:

GROUND TENANT: COMMONWEALTH FLATS DEVELOPMENT 121A EAST LIMITED PARTNERSHIP

By: Commonwealth Flats Development East Corp., its general partner

By: _____
Its:

OPERATING SUBTENANT: EAST OFFICE OPERATING LIMITED PARTNERSHIP

By: Commonwealth Flats Development East Corp., its general partner
By: _____
Its:

SUBTENANT: [_____]

By: _____
Its:

EXHIBIT I

FORM OF NON-DISTURBANCE AGREEMENT FOR MORTGAGES

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Pacific Life Insurance Company
700 Newport Center Drive
Newport Beach, CA 92660
Attn: V.P. Closing
Real Estate Division
Loan No. _____

_____

Space Above This Line for Recorder's Use

SUBORDINATION, NON-DISTURBANCE, AND ATTORNMENT AGREEMENT

THIS SUBORDINATION, NON-DISTURBANCE, AND ATTORNMENT AGREEMENT (this "Agreement") is made as of _____, 20__, by and among PACIFIC LIFE INSURANCE COMPANY, a Nebraska corporation (together with its successors and assigns, "Lender"), _____, a _____ ("Tenant"), and _____, a _____ ("Landlord").

RECITALS

A. Landlord is the owner of those certain premises commonly known as _____ at _____, more particularly described in Exhibit A attached hereto (the "Real Estate");

B. Landlord has requested that Lender make a loan (the "Loan") to Landlord pursuant to a [Term] Loan Agreement, by Landlord and Lender ("Loan Agreement"), which Loan is to be evidenced by a Secured Promissory Note (the "Note"), by Landlord in favor of Lender;

C. Pursuant to the Loan Agreement, the obligations of Borrower under the Note are to be secured by, among other things, a mortgage, deed of trust or other security instrument (the "Security Instrument") to be recorded in the Official Records of _____ County, _____;

D. The Security Instrument will constitute a first lien upon, among other things, the Real Estate and the current and future improvements (the "Improvements") situated thereon (collectively, the "Property"); and

E. Under the terms of that certain _____ Lease dated _____, ____, as amended as of _____, _____(collectively, the "Lease"), Landlord leased to Tenant a portion of the Real Estate and the Improvements, as more particularly described in the Lease.

NOW THEREFORE, to confirm the legal effect of the Security Instrument and the Lease and, in consideration of the covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

AGREEMENTS

1. Subordination.

(a) The Lease and the leasehold estate created by the Lease and all of Tenant's rights under the Lease are and at all times shall be subordinate to the lien and charge of the Security Instrument and all terms and conditions contained therein, and to all substitutions, renewals, modifications and amendments thereto (including, without limitation, any of the foregoing which increase the indebtedness secured thereby), subject to the terms and conditions set forth in this Agreement.

(b) Notwithstanding anything to the contrary contained herein or in the Lease, Tenant acknowledges and agrees that Lender has a claim superior to Tenant's claim for insurance proceeds and for condemnation awards, if any, received with respect to the Improvements or the Property, other than insurance proceeds payable solely to Tenant for Tenant's personal property pursuant to the terms of the Lease or condemnation awards payable directly and solely to Tenant by the condemning authority. Tenant acknowledges and agrees that notwithstanding anything to the contrary contained in the Lease, all insurance proceeds and condemnation awards for Improvements and the Property shall be disbursed and applied in accordance with the Loan Documents and this Agreement.

2. Non-Disturbance. In the event of foreclosure of the Security Instrument (by judicial process, power of sale or otherwise) or conveyance in lieu of foreclosure, which foreclosure, power of sale, or conveyance occurs prior to the expiration date of the Lease, including any extensions and renewals of the Lease now provided thereunder which may be exercised by Tenant, and so long as Tenant is not in default under any of the terms, covenants and conditions of the Lease beyond any applicable grace or cure period, Lender agrees that Lender shall take no action that disturbs Tenant in its quiet and peaceful possession of the premises demised under the Lease, subject to the terms and conditions of the Lease and this Agreement. Lender and Tenant understand and agree that the covenant of quiet and peaceful possession of the premises demised under the Lease set forth in this Section 2 is intended to be binding on any purchaser ("Purchaser") at a foreclosure of the Security Instrument, by judicial process, power of sale or otherwise; provided, however, Lender shall have no liability for any acts or omissions of any such Purchaser, for violating such covenant or otherwise, unless Lender is such Purchaser.

3. Attornment. In the event of foreclosure of or other execution on the Security Instrument or conveyance in lieu of foreclosure, which foreclosure, execution or conveyance occurs prior to the expiration date of the Lease, including any extensions and renewals of the Lease now provided thereunder, it is agreed that notwithstanding the subordination of the Lease provided for herein, Tenant shall attorn to Lender or Purchaser and recognize Lender or Purchaser as Tenant's landlord under the Lease, and so long as Tenant is in possession of the premises demised under the Lease and is not in default under any of the terms, covenants and conditions of the Lease beyond any applicable grace or cure period, Lender or Purchaser shall recognize and accept Tenant

as its tenant thereunder, whereupon the Lease shall continue, without further agreement, in full force and effect as a direct lease between Lender or Purchaser and Tenant for the remaining term thereof, together with all extensions and renewals now provided thereunder, upon the same terms, covenants and conditions as therein provided, subject to the provisions contained in Section 4 and Section 8 below, and Tenant shall thereafter make all rent payments directly to either Lender or Purchaser, as the case may be, subject to the limitations and other provisions contained in Section 4 and Section 8 below. Landlord hereby authorizes Tenant to make such rent payments directly to Lender or Purchaser and waives all claims against Tenant for any sums so paid at Lender's or Purchaser's request and direction. Such attornment as provided herein shall be self-operative without further aid or execution of further instruments by parties to this Agreement, immediately upon Lender or Purchaser succeeding to the interest of Landlord under the Lease.

4. Limitation of Liability. Notwithstanding anything to the contrary contained herein or in the Lease, in the event of foreclosure of or other execution on the Security Instrument (by judicial process, power of sale or otherwise) or conveyance in lieu of foreclosure, which foreclosure, power of sale or conveyance occurs prior to the expiration date of the Lease, including any extensions and renewals of the Lease now provided thereunder, the liability of Lender or Purchaser, as the case may be, shall be limited as set forth below in Section 8; provided, however, Lender or Purchaser, as the case may be, also shall not:

(a) be liable to Tenant for any act, omission or default on the part of the original Landlord or any other landlord under the Lease and Tenant shall have no right to assert the same or any damages arising therefrom as (i) a claim, defense or deficiency against Lender, Purchaser, or the successors or assigns of any of them, or (ii) an offset against Lender, Purchaser or the successors or assigns of any of them under the Lease or otherwise;

(b) be liable to Tenant for the return of any deposit, rental security or any other sums deposited with the original Landlord or any other landlord under the Lease and not delivered to Lender or the Purchaser, as the case may be; provided that Lender or such Purchaser shall be liable to Tenant under the terms of the Lease to the extent of any such deposit or rental security actually received by such Lender or Purchaser that is free and clear of any interest of Landlord or any other landlord under the Lease;

(c) [be bound by any cancellation, surrender, amendment, waiver of rights or modification of the Lease not consented to in writing by Lender;][Add for any Lease that is a Major Lease as defined in Application]

(d) be bound by or subject to any defense or offset on the part of Tenant for any payment of rent more than thirty (30) days in advance of the date due under the terms of the Lease, unless Lender shall have actually received such rent or Lender has consented to such advance payment in writing, which consent Lender may grant or withhold in its sole and absolute discretion;

(e) be bound by any warranty or representation of Landlord relating to work performed by Landlord or any predecessor landlord under the Lease;

(f) be liable to Tenant for construction, restoration or repair, or delays in construction, restoration or repair, of the Improvements or the portion thereof leased to Tenant under the Lease or any tenant improvements (including, without limitation, any tenant improvement allowances); or

(g) be bound by any purchase option or right of first offer or first refusal or similar right granted to Tenant under the Lease.

5. Further Documents. Except as expressly provided for herein, the foregoing provisions shall be self-operative and effective without the execution of any further instruments on the part of any party hereto. Tenant agrees, however, to execute and deliver to Lender or to any person to whom Tenant agrees to attorn pursuant hereto such other instruments as Lender or such person shall reasonably request in order to confirm said attornment.

6. Notice and Cure. Tenant agrees that if there occurs a default by Landlord under the Lease:

(a) A copy of each notice given to Landlord pursuant to the Lease shall also be given simultaneously to Lender, and no such notice shall be effective for any purpose under the Lease unless so given to Lender; and

(b) If Landlord shall fail to cure any default within the time prescribed by the Lease (or within a reasonable time if no such time period is provided), Lender shall have an additional thirty (30) days after the later of the (i) expiration of Landlord's cure period or (ii) giving of such notice to Lender, within which to cure such default (if curable by Lender within such 30-day period) before Tenant shall have the right to terminate the Lease or exercise any self-help rights from which a right of setoff would arise, or, if such default cannot reasonably be cured within such additional 30-day period, because in order to cure such failure the Lender must acquire control or ownership of the premises demised under the Lease, then Lender shall have such additional time as may be necessary to diligently pursue foreclosure proceedings or otherwise acquire title to the Improvements, if such proceedings are commenced within such additional 30-day period.

7. Notices. All notices, demands and requests given or required to be given hereunder shall be in writing and shall be deemed to have been properly given when personally served or if sent by U.S. registered or certified mail, postage prepaid, or by recognized overnight delivery service, addressed as follows when received:

Lender: Pacific Life Insurance Company
700 Newport Center Drive
Newport Beach, California 92660
Attn: Vice President Portfolio Management
Real Estate Division
Loan No. _____

With a copy to:

Tenant: _____
_____
_____
Attn: _____

Landlord: _____
_____
_____
_____
Attn: _____

8. Limitation of Personal Liability. Notwithstanding anything to the contrary herein or in the Lease, if Lender or any Purchaser acquires title to the Property, Lender or Purchaser shall have no obligation, nor incur any liability, beyond the interest, if any, of Lender or Purchaser in the Property and upon any subsequent sale or transfer of the Property by Lender or any Purchaser, Lender and such Purchaser shall be released from any and all further duties, liabilities or obligations to Tenant, its successors or assigns arising or accruing under the Lease from and after the date of such sale or transfer. By executing this Agreement, Landlord specifically acknowledges and agrees that nothing contained in this Section 8 shall impair, limit, affect, lessen, abrogate or otherwise modify the obligations of Landlord to Tenant under the Lease. Tenant understands and agrees that in determining "Landlord's (or its successors' or assigns') interest in the Project" (as such phrase is used in Section [ ] of the Lease), when applied to Lender or any person or entity acquiring the Mortgaged Premises through a foreclosure or a transfer in lieu of foreclosure under the Security Instrument, (x) the value of such interest shall be reduced by the amount owing on the indebtedness (whether principal, interest or any other amount) secured by the Security Instrument immediately prior to the foreclosure or transfer in lieu of foreclosure, regardless of whether following such foreclosure or transfer in lieu of foreclosure such indebtedness has been or is

deemed to be discharged or repaid, and (y) the amount of rent and other income from the Mortgaged Premises shall be reduced by an amount equal to the debt service on the indebtedness secured by the Security Instrument, which debt service shall be determined without regard to any acceleration or increase in interest rate by virtue of any default or event of default under the Security Instrument.

9. Binding Effect. The terms, covenants and conditions hereof shall inure to the benefit of and be binding upon the parties hereto, and their respective heirs, executors, administrators, successors and assigns.

10. Modification. This Agreement may not be modified orally or in a manner other than by an agreement signed by the parties hereto or their respective successors in interest.

11. Choice of Law. This Agreement shall be governed by the internal law (and not the law of conflicts) of the State of _____.

12. Counterparts. This Agreement may be executed in two or more counterparts which, when taken together, shall constitute one and the same original.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties hereto have hereunto caused this Agreement to be duly executed as of the day and year first above written.

TENANT:

_____

By: _____ (SEAL)
Name: _____
Title: _____

Address: [See Section 7 above.]

ADD NOTARY ACKNOWLEDGEMENT

LANDLORD:

_____

By: _____
Name: _____
Title: _____

Address: [See Section 7 above.]

ADD NOTARY ACKNOWLEDGEMENT

LENDER:
PACIFIC LIFE INSURANCE COMPANY,
a Nebraska corporation

_____

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Address: [See Section 7 above.]

ADD NOTARY ACKNOWLEDGEMENT

EXHIBIT A

Description of Real Estate

EXHIBIT J

FORM OF LETTER OF CREDIT

Exhibit 10.7

2ND AMENDMENT TO SUBLEASE

THIS 2ND AMENDMENT TO SUBLEASE (this "***Amendment***"), dated as of April 22, 2020 ("***Amendment Effective Date***"), by and between **ARAXES PHARMA LLC**, a Delaware limited liability company ("***Sublandlord***"), and **KURA ONCOLOGY, INC.**, a Delaware corporation ("***Subtenant***").

WHEREAS, Sublandlord (as successor-in-interest to Wellspring Biosciences, Inc., a Delaware corporation ("***Prior Sublandlord***")) and ARE-SD Region No. 35, LLC, a Delaware limited liability company ("***Landlord***") are parties to that certain Lease Agreement dated as of December 20, 2016 (as may be amended, supplemented or otherwise modified from time to time, the "***Master Lease***"), with respect to certain premises located at 3033 Science Park Road, San Diego, California as more particularly described in the Master Lease (the "***Master Premises***");

WHEREAS, Sublandlord (as successor-in-interest to Prior Sublandlord pursuant to that certain Assignment and Assumption of Sublease dated August 2, 2019) and Subtenant are parties to that certain Sublease dated as of December 20, 2016, as amended by that certain 1st Amendment to Sublease dated March 1, 2019 (the "***Sublease***"), with respect to a portion of the Master Premises as more particularly described in the Sublease (the "***Subleased Premises***"); and

WHEREAS, the Term of the Sublease is scheduled to expire on April 30, 2020 ("***Current Expiration Date***"), Subtenant has expressed its inability to vacate the Subleased Premises on or prior to the Current Expiration Date, and the parties now desire to amend the Sublease as set forth herein.

NOW, THEREFORE, in consideration of the various covenants and agreements hereinafter set forth, the parties hereto agree as follows:

1. Section 2 of the Sublease is hereby amended to extend the expiration date of the Term of the Sublease to June 30, 2020.

2. Except as amended as described above, all other terms and conditions of the Sublease will remain in full force and effect.

3. Initially capitalized terms used but not defined herein shall have the meanings given to them in the Sublease. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original, and all of which together shall constitute a single instrument.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

In Witness Whereof, the parties hereto have executed this Amendment effective as of the Amendment Effective Date.

SUBLANDLORD:	**SUBTENANT:**
ARAXES PHARMA LLC, a Delaware limited liability company	**KURA ONCOLOGY, INC.,** a Delaware corporation
By: /s/ Troy E. Wilson	By: /s/ Marc Grasso
Name: Troy E. Wilson	Name: Marc Grasso
Title: Sole Managing Member	Title: CFO & CBO

Exhibit 10.8

FIRST AMENDMENT

THIS FIRST AMENDMENT (this "**Amendment**") is made and entered into as of May 2, 2020, by and between **BRE CA OFFICE OWNER LLC, a Delaware limited liability company** ("**Landlord**"), and **KURA ONCOLOGY, INC., a Delaware corporation** ("**Tenant**").

RECITALS

A. Landlord and Tenant are parties to that certain lease dated January 8, 2020 (the "**Lease**"). Pursuant to the Lease, Landlord has leased to Tenant space currently containing approximately **13,420** rentable square feet (the "**Premises**") described as Suite 400 on the 4th floor of the building commonly known as Highlands Corporate Center located at 12730 High Bluff Drive, San Diego, California 92130 (the "**Building**").

B. Tenant and Landlord mutually desire that the Lease be amended on and subject to the following terms and conditions.

NOW, THEREFORE, in consideration of the above recitals which by this reference are incorporated herein, the mutual covenants and conditions contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. **Commencement Date**. Effective as of the date of the Lease, the first sentence of Section 1.2.2 of the Lease is hereby amended by replacing the date "May 1, 2020" with the date "August 1, 2020".

2. **Early Access**. In addition, Landlord hereby agrees that, notwithstanding the provisions of Section 1.2.2 of the Lease, regardless of whether the Tenant Improvements are substantially complete or a certificate of occupancy (or its equivalent) shall have been issued by the appropriate governmental authorities for the Premises at such time, Landlord shall permit Tenant and its agents to enter the Premises commencing on June 11, 2020, or such later date prior to the Commencement Date in Tenant's sole discretion (such entry, the "**Early Access**"), for the sole purpose of installing, at Tenant's sole cost and expense, its furniture, fixtures, equipment and cabling in the Premises and to store other personal assets of Tenant. In particular, Early Access shall include, and Tenant shall be given access to, Storage Room 425, Office 420 and Server Room 413 within the Premises. Landlord shall also give Tenant access to the mail room within the Building upon the Early Access. The Early Access shall not change the Commencement Date and shall not be deemed early occupancy during the Beneficial Occupancy Period under Section 1.2.2 of the lease and Tenant's rights to the Beneficial Occupancy Period under Section 1.2.2 of the Lease, if any, shall continue to apply in addition to the Early Access provided under this Section 2 . Upon the Early Access, all of the terms and conditions of the Lease shall apply except that Tenant's obligation to pay monthly Base Rent, Expenses, Taxes or other fees or expenses to Landlord (other than amounts for above standard services requested by Tenant under Section 5.2 of the Lease) shall not apply until the Commencement Date. Tenant shall coordinate the Early Access with Landlord's building manager and, except as expressly set forth in this Amendment, such entry shall be made in compliance with all terms and conditions of the Lease and the Rules and Regulations attached thereto. Landlord shall deliver to Tenant the necessary Building (including mailroom box) and Premises entry keys or similar access devices or codes to enable the Early Access and access and use of the Building mailroom. The foregoing license to enter the Premises prior to the Commencement Date is conditioned upon Tenant's contractors and their subcontractors and employees working in harmony and not interfering with the work being performed in the Building and in the Premises. Tenant shall be liable for any damages caused by Tenant's activities at the Premises. Such license is further conditioned upon the compliance by Tenant's contractors with all requirements imposed by Landlord on third party contractors, including, without limitation, the maintenance by Tenant and its contractors and subcontractors of workers' compensation and public liability and property damage insurance in amounts and with companies and on forms satisfactory to Landlord, with certificates of such insurance being furnished to Landlord prior to proceeding with any such entry. Landlord shall not be liable in any way for any injury, loss or damage which may occur by reason of the Early Access, the same being solely at Tenant's risk. All costs and expenses in connection with or arising out of the performance of any work by Tenant pursuant to the Early Access shall be borne by Tenant, and all payments therefor shall be made by Tenant promptly as they become due. Tenant shall, at its sole cost and expense, comply with all applicable laws, ordinances, regulations and policies governing its work. Except to the extent arising from the gross negligence or willful misconduct of Landlord, Tenant shall defend, indemnify and hold Landlord and its members, agents, employees, partners, and their respective employees, partners, officers, directors, agents, representatives, successors and assigns, harmless from and against any and all suits, claims, actions, losses, costs, liabilities or expenses (including reasonable attorneys' fees and claims for workers' compensation) to the extent arising out of or in connection with any and all work during such Early Access (including, but not limited to, claims for breach of warranty, personal injury or property

damage). Landlord shall have the right, in Landlord's sole and absolute discretion, to settle, compromise, or otherwise dispose of any and all suits, claims, and actions against any of the indemnified parties arising out of or in connection with the work performed by Tenant during the Early Access.

3. **Miscellaneous**.

3.1 This Amendment sets forth the entire agreement between the parties with respect to the matters set forth herein. There have been no additional oral or written representations or agreements. Tenant shall not be entitled, in connection with entering into this Amendment, to any free rent, allowance, alteration, improvement or similar economic incentive to which Tenant may have been entitled in connection with entering into the Lease, except as may be otherwise expressly provided in this Amendment.

3.2 Except as herein modified or amended, the provisions, conditions and terms of the Lease shall remain unchanged and in full force and effect.

3.3 In the case of any inconsistency between the provisions of the Lease and this Amendment, the provisions of this Amendment shall govern and control.

3.4 Submission of this Amendment by Landlord is not an offer to enter into this Amendment but rather is a solicitation for such an offer by Tenant. Landlord shall not be bound by this Amendment until Landlord has executed and delivered it to Tenant.

3.5 Capitalized terms used but not defined in this Amendment shall have the meanings given in the Lease.

3.6 Tenant shall indemnify and hold Landlord, its trustees, members, principals, beneficiaries, partners, officers, directors, employees, mortgagee(s) and agents, and the respective principals and members of any such agents harmless from all claims of any brokers claiming to have represented Tenant in connection with this Amendment. Landlord shall indemnify and hold Tenant, its trustees, members, principals, beneficiaries, partners, officers, directors, employees, and agents, and the respective principals and members of any such agents harmless from all claims of any brokers claiming to have represented Landlord in connection with this Amendment. Tenant acknowledges that any assistance rendered by any agent or employee of any affiliate of Landlord in connection with this Amendment has been made as an accommodation to Tenant solely in furtherance of consummating the transaction on behalf of Landlord, and not as agent for Tenant.

[SIGNATURES ARE ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Amendment as of the day and year first above written.

LANDLORD: **BRE CA OFFICE OWNER LLC,**
a Delaware limited liability company

By: /s/ Spencer Rose
Name: Spencer Rose
Title: Managing Director

TENANT: **KURA ONCOLOGY, INC.,**
a Delaware corporation

By: /s/ Marc Grasso, M.D.
Name: Marc Grasso, M.D.
Title: CFO & CBO

Exhibit 31.1

CERTIFICATION

I, Troy E. Wilson, Ph.D., J.D., certify that:

1. I have reviewed this Form 10-Q of Kura Oncology, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: May 4, 2020

/s/ Troy E. Wilson, Ph.D., J.D.
Troy E. Wilson, Ph.D., J.D.
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Marc Grasso, M.D., certify that:

1. I have reviewed this Form 10-Q of Kura Oncology, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: May 4, 2020

/s/ Marc Grasso, M.D.
Marc Grasso, M.D.
Chief Financial Officer and Chief Business Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Kura Oncology, Inc. (the "Company") for the period ended March 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Troy E. Wilson, Ph.D., J.D., as President and Chief Executive Officer of the Company, and Marc Grasso, M.D., as Chief Financial Officer and Chief Business Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

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 Kura Oncology, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.

/s/ Troy E. Wilson, Ph.D., J.D.
Troy E. Wilson, Ph.D., J.D.
President and Chief Executive Officer

Date: May 4, 2020

/s/ Marc Grasso, M.D.
Marc Grasso, M.D.
Chief Financial Officer and Chief Business Officer

Date: May 4, 2020